Volume II

EXPLANATORY NOTES

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DEPARTMENT OF AGRICULTURE

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FLOOD PREVENTION, AGRICULTURE

Purpose Statement

Flood Prevention Activities. The flood prevention activities of the Department are carried out pursuant to the Flood Control Act of June 22, 1936, as amended and supplemented, and other provisions of laws relating to the activities of the Department. The activities carried out under this item consist of:

1. The preliminary examination and survey of watersheds authorized by the Congress for investigation and the preparation of survey reports setting forth the watershed conditions and recommending improvement programs, and

2. The installation of watershed improvement measures primarily for flood prevention to retard run-off and waterflow and to prevent erosion which are included in improvement programs.

The Soil Conservation Service and the Forest Service make investigations of watersheds and prepare watershed survey reports. The Bureau of Agricultural Economics, the Production and Marketing Administration, and other Federal agencies and State and local agencies are consulted as they have interests or can contribute to the development of recommended programs.

Watershed improvement measures to increase the infiltration of water into watershed lands, to retard and control run-off, and to prevent erosion and thus reduce sedimentation of stream channels and reservoirs are installed in accordance with recommended programs. This work is done in cooperation with State and local agencies and land owners and operators.

General Basin Investigations. General Basin Investigation activities consist of the preparation of the agricultural phases of comprehensive, integrated resource development programs for the Arkansas-White-Red River and New England-New York areas pursuant to various provisions of law relating to the work of the Department.

Resource development programs for the Arkansas-White-Red River and the New England-New York areas are being developed cooperatively by concerned Federal agencies with appropriate State and local participation, under the Federal Inter-Agency River Basin Committee. By this procedure overall programs are prepared for the development, use and conservation of all natural resources in the areas, which, after appropriate review by concerned Federal agencies and States, will be transmitted to the Congress for consideration.

The Department, in cooperation with Federal and State agencies, is also continuing the preparation of an agricultural program for the Columbia Basin area through the use of Flood Prevention survey funds and other funds available to the Department.

(Revised)

These programs are planned and are being carried out in close collaboration with the people in each area. Their purpose is to provide an effective means by which Federal activities can assist the people to beneficially use and conserve their natural resources and to fulfill local, regional, and national needs.

	Appropriated, 1953	Revised Budget Estimate, 1954
Flood Prevention:		
Measures primarily for flood prevention installed under Flood Control Acts, preliminary examinations and surveys, and general basin investigations	a/$6,138,181	$7,000,000

a/ Includes $418,348 available from prior year balances.

(Revised)

Proposed Revision of Method of Financing the Flood Prevention Activities of the Department

Estimates under the Flood Prevention appropriation item have in past years included funds for:

(a) Preliminary Examinations and Surveys
(b) General Basin Investigations, and
(c) Works of Improvement.

The estimates for the fiscal year 1954 propose no change in the method of financing the work for the first two items. However, estimates of funds required for Works of Improvement have been divided into two categories, as follows:

A. Measures Primarily for Flood Prevention, such as flood water-retarding structures, stabilization and sedimentation control measures, stream channel improvements, diversion ditches, floodways, etc.; and

B. Conservation Measures Contributing to Flood Prevention, such as terracing, contour plowing, crop rotation, planting of perennial vegetation including trees, grassing, minor gully control measures, etc.

These two categories of work, when considered together, constitute the complementary measures for balanced watershed improvement installations if the program objectives are to be attained.

Estimates for category A, "Measures Primarily for Flood Prevention", are retained under the appropriation item "Flood prevention" and include the costs of preparing detailed subwatershed or functional work plans for the total improvement program.

The 1954 Budget proposes to transfer the estimates for measures in category B, "Conservation Measures Contributing to Flood Prevention", to the applicable appropriations of the Soil Conservation Service and the Forest Service, under which similar measures are installed as a part of national programs administered by those agencies. Estimates for this category are identified in the activity schedules for the appropriations for such national programs as "Additional Measures to Accelerate Flood Prevention". These transfers are proposed for the purpose of bringing together in the same appropriation the funds for similar types of measures installed under both national programs and under specific watershed improvement programs.

The amounts transferred in the estimates in 1954 are as follows:

Salaries and Expenses, Forest Service:	
National forest protection and management ...	$288,405
Forest roads and trails (Forest Service)	21,958
State and private forestry cooperation (Forest Service)	16,000
Salaries and expenses, Soil Conservation Service	1,600,000
Total	1,926,363

(Revised)

These transfers do not mean that the "Additional Measures to Accelerate Flood Prevention" in the selected watershed areas are considered to be any less important in accomplishing the total flood prevention job. On the contrary, the installation of these additional measures is a necessary complement to the "Measures Primarily for Flood Prevention". Both categories of measures are required in the amounts estimated to make up a properly balanced program for Flood Prevention in these watersheds.

Effective April 1, 1953, the Secretary transferred general responsibilities for the Flood Prevention program and river basin investigations to the Soil Conservation Service. To more clearly fix responsibility for these programs, to simplify administration and to promote efficiency, the Secretary directed by Memorandum No. 1325, dated April 1, 1953, that:

"1. In accordance with policies established by the Secretary, and under over-all guidance of the Assistant Secretary, the Soil Conservation Service shall have general responsibility for administration of the work of the Department authorized under the Flood Control Act of 1936 as amended and supplemented. The Service shall be responsible for the formulation and development of appropriate principles, standards, criteria, and rules and regulations for the conduct of the program, and for development of program plans and schedules for the making of preliminary examinations and surveys and for installation of works of improvement.

"2. Similarly, the Soil Conservation Service shall have general responsibility for Department activities in connection with the river basin investigations and the preparation of reports thereon.

"3. The Forest Service shall have responsibility, under such policies, principles, standards, criteria, and procedures as are or may be established, for the making of preliminary examinations and surveys, the installation of works of improvement in connection with flood control, and the collection of data, necessary to the preparation of comprehensive river basin reports, on:

"(a) All National Forests and other lands in the watershed or basin administered by the Forest Service.

"(b) Range areas adjacent to National Forests in the watershed or basin and used in conjunction with such forests.

"(c) Other forest lands within the watershed or basin.

"The Forest Service shall continue to cooperate and enter into agreements with, and utilize the services of, State forestry agencies for these purposes when State and private forest lands within the watershed or region are affected.

"In carrying out the responsibilities delegated herein, the Soil Conservation Service shall utilize the services of the Bureau of Agricultural Economics and other bureaus and agencies within or outside the Department where appropriate and desirable and where such arrangement will avoid the necessity for adding to the staff and functions of the Soil Conservation Service."

FLOOD PREVENTION, AGRICULTURE

Purpose Statement

Flood Prevention Activities. The flood prevention activities of the Department are carried out pursuant to the Flood Control Act of June 22, 1936, as amended and supplemented, and other provisions of laws relating to the activities of the Department. The activities carried out under this item consist of:

1. The preliminary examination and survey of watersheds authorized by the Congress for investigation and the preparation of survey reports setting forth the watershed conditions and recommending improvement programs, and

2. The installation of watershed improvement measures primarily for flood prevention to retard run-off and waterflow and to prevent erosion which are included in improvement programs.

The Forest Service and the Soil Conservation Service have been assigned the responsibility, on a territorial basis, for the investigation of watersheds and the preparation of watershed survey reports. The Bureau of Agricultural Economics, the Production and Marketing Administration, and other Federal agencies and State and local agencies are consulted as they have interests or can contribute to the development of recommended programs.

Watershed improvement measures to increase the infiltration of water into watershed lands, to retard and control run-off, and to prevent erosion and thus reduce sedimentation of stream channels and reservoirs are installed in accordance with recommended programs. This work is handled by the Forest Service and Soil Conservation Service, in cooperation with State and local agencies and land owners and operators.

General Basin Investigations. General Basin Investigation activities consist of the preparation of the agricultural phases of comprehensive, integrated resource development programs for the Arkansas-White-Red River, the Colorado River, and New England-New York areas pursuant to various provisions of law relating to the work of the Department.

Resource development programs for the Arkansas-White-Red River and the New England-New York areas are being developed cooperatively by concerned Federal agencies with appropriate State and local participation, under the Federal Inter-Agency River Basin Committee. By this procedure over-all programs are prepared for the development, use and conservation of all natural resources in the areas, which, after appropriate review by concerned Federal agencies and States, will be transmitted to the Congress for consideration. The agricultural program for the Colorado River area is to complement plans already prepared by other agencies for the development of irrigation and power resources of the river so that a complete program for development of the land and water resources of the area will be available for consideration of the Congress and in order that protection may be provided main stream reservoirs by watershed treatment above reservoirs.

The Department, in cooperation with Federal and State agencies, is also continuing the preparation of an agricultural program for the Columbia Basin area through the use of Flood Prevention survey funds and other funds available to the Department.

These programs are planned and are being carried out in close collaboration with the people in each area. Their purpose is to provide an effective means by which Federal activities can assist the people to beneficially use and conserve their natural resources and to fulfill local, regional, and national needs.

	Appropriated, 1953	Budget Estimate, 1954
Measures primarily for flood prevention installed under Flood Control Acts, preliminary examinations and surveys, and general basin investigations	a/ $6,138,181	$12,833,000
Measures primarily for flood prevention installed under legislation other than the Flood Control Acts	--	2,733,000
Total	6,138,181	15,566,000

a/ Includes $418,348 available from prior year balances.

Proposed Revision of Method of Financing the Flood Prevention Activities of the Department

Estimates under the Flood Prevention appropriation item have in past years included funds for:

(a) Preliminary Examinations and Surveys
(b) General Basin Investigations, and
(c) Works of Improvement.

The estimates for the fiscal year 1954 propose no change in the method of financing the work for the first two items. However, estimates of funds required for Works of Improvement have been divided into two categories, as follows:

A. Measures Primarily for Flood Prevention, such as flood water-retarding structures, stabilization and sedimentation control measures, stream channel improvements, diversion ditches, floodways, etc.; and

B. Conservation Measures Contributing to Flood Prevention, such as terracing, contour plowing, crop rotation, planting of perennial vegetation including trees, grassing, minor gully control measures, etc.

These two categories of work, when considered together, constitute the complementary measures for balanced watershed improvement installations if the program objectives are to be attained.

Estimates for category A, "Measures Primarily for Flood Prevention", are retained under the appropriation item "Flood prevention" and include the costs of preparing detailed subwatershed or functional work plans for the total improvement program.

The 1954 Budget proposes to transfer the estimates for measures in category B, "Conservation Measures Contributing to Flood Prevention", to the applicable appropriations of the Soil Conservation Service, The Forest Service and Production and Marketing Administration, under which similar measures are installed as a part of national programs administered by those agencies. Estimates for this category are identified in the activity schedules for the appropriations for such national programs as "Additional Measures to Accelerate Flood Prevention". These transfers are proposed for the purpose of bringing together in the same appropriation the funds for similar types of measures installed under both national programs and under specific watershed improvement programs.

The amounts transferred in the estimates in 1954 are as follows:

Salaries and Expenses, Forest Service:
National forest protection and management $781,000
Forest research 35,000

Forest roads and trails (Forest Service)	267,000
State and private forestry cooperation (Forest Service)	185,000
Salaries and expenses, Soil Conservation Service ...	3,190,000
Conservation and use of agricultural land resources, (Production and Marketing Administration)	2,436,000
Total	6,894,000

These transfers do not mean that the "Additional Measures to Accelerate Flood Prevention" in the selected watershed areas are considered to be any less important in accomplishing the total flood prevention job. On the contrary, the installation of these additional measures is a necessary complement to the "Measures Primarily for Flood Prevention". Both categories of measures are required in the amounts estimated to make up a properly balanced program for Flood Prevention in these watersheds.

Table 1. below shows, with respect to those watersheds where a watershed improvement program for flood prevention is being installed or proposed, the cost of A.-"Measures Primarily for Flood Prevention" and B.-"Conservation Measures Contributing to Flood Prevention". The latter category is divided into the cost of installing such measures under (1) "current national programs" within these watersheds, and (2) "additional measures to accelerate flood prevention". The table also reflects separately, estimates for the measures to be installed under Part I.-"Watershed improvement programs authorized under flood control acts", and Part II.-"Flood prevention measures authorized under legislation other than the flood control acts". The obligations shown under "Additional measures to accelerate flood prevention" are reflected in detail under the applicable appropriation items of the Soil Conservation Service, the Forest Service, and the Production and Marketing Administration.

Table 2. below shows the total estimated Federal costs of improvements authorized or recommended in survey reports and the estimated annual and cumulative Federal obligations for these measures. It also shows the total estimated non-Federal contribution to the costs of improvements so authorized or recommended and an annual and cumulative estimate of such non-Federal contributions.

In connection with the Federal costs, it should be noted that the figures in column 3 reflect the costs shown in the survey reports adjusted to June 30, 1952, for changed price factor only and do not take into account pending or proposed program changes involved in survey reviews. Progress with the installation of measures for several of the watersheds indicated on this table has revealed the need for review of previously recommended and authorized programs. The Public Works Committees of the House or Senate have, by resolution, authorized such review of reports on the Colorado (Middle), Coosa, Potomac, Trinity, and Washita watersheds. Review work on these watersheds is in various stages of progress. In the Trinity and Washita watersheds, where review work has progressed to the point where preliminary cost estimates have been made, the need for

substantially revised, and higher cost, improvement programs has been indicated. Increased benefits can also be expected. The advisability of making review reports on the Buffalo Creek, the Little Sioux, the Tallahatchie, and the Yazoo watersheds is also apparent. The need for these reviews is being called to the attention of the appropriate officials. In the meantime, installation of improvement measures on all of these watersheds is progressing on the basis of the existing authorized reports and appropriation language.

MEASURES PRIMARILY FOR AND CONTRIBUTING TO FLOOD PREVENTION

(FLOOD PREVENTION WORKS OF IMPROVEMENT)

Table 1.--Estimated obligations, fiscal years 1952-54

Watershed	Measures primarily for flood prevention	Conservation measures contributing to flood prevention: Soil Conservation Service, salaries and expenses: Current National Program	Soil Conservation Service, salaries and expenses: Additional measures to accelerate flood prevention	Forest Service: Current National Program	Forest Service: Additional measures to accelerate flood prevention	Production and Marketing Administration, agricultural conservation program: Current National Program	Production and Marketing Administration, agricultural conservation program: Additional measures to accelerate flood prevention	Extension Service: Current National Program	Total, current national and accelerated program	Total, all measures except funds in current national programs (columns (2), (4), (6) and (8))	Total, all measures (columns (2) and (10))
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
PART I. Watershed improvement programs authorized under flood control acts											
1. Buffalo Creek, N. Y.:											
Fiscal year 1952	$158,372	$15,000	$43,891	- -	- -	(a)	- -	$3,000	$61,891	$202,263	$220,263
Fiscal year 1953	188,111	15,000	52,133	- -	- -	$116,527	- -	3,000	186,660	240,244	374,771
Fiscal year 1954	565,000	15,000	45,000	- -	- -	113,548	- -	3,000	176,548	610,000	741,548
2. Colorado (Middle), Tex.:											
Fiscal year 1952	163,900	162,000	38,446	- -	- -	(a)	- -	21,500	221,946	202,346	385,846
Fiscal year 1953	188,284	162,000	44,173	- -	- -	247,352	- -	21,500	475,025	232,457	663,309
Fiscal year 1954	639,000	162,000	85,000	- -	- -	241,029	- -	21,500	509,529	724,000	1,148,529
3. Coosa, Ga.:											
Fiscal year 1952	32,177	29,000	17,403	$16,000	$10,100	(a)	- -	20,100	92,603	59,680	124,780
Fiscal year 1953	135,413	29,000	73,235	12,000	15,576	349,255	- -	20,100	499,166	224,224	634,579
Fiscal year 1954	167,000	29,000	150,000	14,000	15,000	340,326	- -	20,100	568,426	332,000	735,426
4. Little Sioux, Iowa:											
Fiscal year 1952	510,784	84,000	37,856	- -	- -	(a)	- -	52,000	173,856	548,640	684,640
Fiscal year 1953	760,240	84,000	56,344	- -	- -	332,736	- -	52,000	525,080	816,584	1,285,320
Fiscal year 1954	750,000	84,000	50,000	- -	- -	324,229	- -	52,000	510,229	800,000	1,260,229
5. Little Tallahatchie, Miss.:											
Fiscal year 1952	385,678	39,000	122,228	8,500	9,000	(a)	- -	9,000	187,728	516,906	573,406
Fiscal year 1953	518,300	39,000	148,426	12,000	30,000	255,737	- -	9,000	494,163	696,726	1,012,463
Fiscal year 1954	734,000	39,000	157,000	13,000	40,000	249,199	- -	9,000	507,199	931,000	1,241,199
6. Los Angeles, Calif.:											
Fiscal year 1952	294,902	25,000	- -	101,690	241,397	(a)	- -	1,500	369,587	536,299	664,489
Fiscal year 1953	398,447	25,000	- -	100,680	321,446	22,937	- -	1,500	471,563	719,893	870,010
Fiscal year 1954	953,000	25,000	- -	100,680	579,000	22,351	- -	1,500	728,531	1,532,000	1,681,531
7. Potomac, Pa., W. Va., Md., Va.:											
Fiscal year 1952	34,840	60,000	62,321	18,400	4,355	(a)	- -	37,250	182,326	101,516	217,166
Fiscal year 1953	39,338	60,000	72,490	17,000	6,200	727,178	- -	37,250	920,118	118,028	959,456
Fiscal year 1954	56,000	60,000	228,000	17,000	- -	708,587	- -	37,250	1,050,837	284,000	1,106,837
8. Santa Ynez, Calif.:											
Fiscal year 1952	157,904	20,000	- -	51,712	123,662	(a)	- -	1,500	196,874	281,566	354,778
Fiscal year 1953	173,267	20,000	- -	50,580	113,078	41,388	- -	1,500	226,546	286,345	399,813
Fiscal year 1954	170,000	20,000	- -	50,580	190,000	40,330	- -	1,500	302,410	360,000	472,410

Watershed	Measures primarily for flood prevention	Conservation measures contributing to flood prevention: Soil Conservation Service, salaries and expenses: Current National Program	Soil Conservation Service: Additional measures to accelerate flood prevention	Forest Service: Current National Program	Forest Service: Additional measures to accelerate flood prevention	Production and Marketing Administration, agricultural conservation program: Current National Program	Production and Marketing Administration: Additional measures to accelerate flood prevention	Extension Service: Current National Program	Total, current national and accelerated program	Total, all measures except funds in current national programs (columns (2), (4), (6) and (8))	Total, all measures (columns (2) and (10))
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
PART I. Watershed improvement programs authorized under flood control acts - Cont'd.											
9. Trinity, Tex.:											
Fiscal year 1952	$590,352	$290,000	$390,300	- -	- -	(a)	- -	$35,200	$715,500	$980,652	$1,305,852
Fiscal year 1953	914,968	290,000	605,022	- -	- -	$1,174,171	- -	35,200	2,104,393	1,519,990	3,019,361
Fiscal year 1954	3,926,000	290,000	700,000	- -	- -	1,144,152	- -	35,200	2,169,352	4,626,000	6,095,352
10. Washita, Okla., Tex.:											
Fiscal year 1952	533,574	253,000	106,971	- -	- -	(a)	- -	24,300	384,271	640,545	917,845
Fiscal year 1953	866,035	253,000	173,645	- -	- -	581,560	- -	24,300	1,032,505	1,039,680	1,898,540
Fiscal year 1954	2,089,000	253,000	394,000	- -	- -	566,692	- -	24,300	1,237,992	2,483,000	3,326,992
11. Yazoo, Miss.:											
Fiscal year 1952	438,303	143,000	178,702	$23,000	$8,100	(a)	- -	35,600	388,402	625,105	826,705
Fiscal year 1953	739,713	143,000	287,824	34,500	30,000	576,395	- -	35,600	1,107,319	1,057,537	1,847,032
Fiscal year 1954	1,199,000	143,000	429,000	37,500	90,000	561,664	- -	35,600	1,296,764	1,718,000	2,495,764
12. Emergencies:											
Fiscal year 1952	178,006	- -	- -	- -	- -	- -	- -	- -	- -	178,006	178,006
Fiscal year 1953	300,000	- -	- -	- -	- -	- -	- -	- -	- -	300,000	300,000
Total, part I:											
Fiscal year 1952	3,478,792	1,120,000	998,118	219,302	396,614	(a)	- -	240,950	2,974,984	4,873,524	6,453,776
Fiscal year 1953	5,222,116	1,120,000	1,513,292	226,760	516,300	4,425,236	- -	240,950	8,042,538	7,251,708	13,264,654
Fiscal year 1954	11,248,000	1,120,000	2,238,000	232,760	914,000	4,312,107	- -	240,950	9,057,817	14,400,000	20,305,817
PART II. Flood-prevention measures authorized under legislation other than the flood control acts											
1. Brazos, Tex.: Fiscal year 1954	725,000	943,000	450,000	- -	- -	2,186,830	$1,325,000	95,000	4,999,830	2,500,000	5,724,830
2. Delaware, N.Y., N.J., Pa., Del., Md.: Fiscal year 1954	353,000	302,000	150,000	51,000	24,000	497,310	373,000	83,000	1,480,310	900,000	1,833,310
3. Pecos, N. Mex., Tex.: Fiscal year 1954	295,000	492,000	147,000	10,000	40,000	439,280	230,000	34,000	1,392,280	712,000	1,687,280
4. Savannah, Ga., N.C., S.C.: Fiscal year 1954	481,000	327,000	80,000	100,000	40,000	951,969	224,000	56,000	1,778,969	825,000	2,259,969
5. Scioto, Ohio: Fiscal year 1954	189,000	204,000	50,000	13,200	- -	208,815	110,000	77,000	663,015	349,000	852,015
6. Sny, Ill.: Fiscal year 1954 ..	265,000	23,000	25,000	700	- -	17,553	55,000	6,000	127,253	345,000	392,253
7. South Platte, (Upper) Colo.: Fiscal year 1954	425,000	174,000	50,000	36,600	250,000	267,618	119,000	26,700	923,918	844,000	1,348,918
Total, part II, fiscal year 1954	2,733,000	2,465,000	952,000	211,500	354,000	4,569,375	2,436,000	377,700	11,365,575	6,475,000	14,098,575
Grand total, fiscal year 1954 ...	13,981,000	3,585,000	3,190,000	444,260	1,268,000	8,881,482	2,436,000	618,650	20,423,392	20,875,000	34,404,392

(a) "Current national program" figures for fiscal year 1952 for Production and Marketing Administration's agricultural conservation program are not available and are not included in this table.

MEASURES PRIMARILY FOR AND CONTRIBUTING TO FLOOD PREVENTION

(FLOOD PREVENTION WORKS OF IMPROVEMENT)

Table 2.--Summary of estimated program costs and progress

Watershed	Total estimated Federal cost of improvements in survey reports		Estimated Federal obligations		Total estimated non-Federal contributions to cost of improvements in survey reports			Remarks
	Costs shown in survey reports	Based on costs as of June 30, 1952	By years	Cumulative	Initial estimated contributions	Initial estimated contributions based on costs June 30, 1952	Approximate cumulative non-Federal contributions	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
PART I. Watershed improvement programs authorized under flood control acts								
1. Buffalo Creek, N.Y.	$2,581,400	$5,278,837	- -	- -	$631,360	$1,445,814	- -	Review survey considered advisable.
Fiscal year 1952	- -	- -	$202,263	$1,042,472	- -	- -	$292,050	
Fiscal year 1953	- -	- -	240,244	1,282,716	- -	- -	377,000	
Fiscal year 1954	- -	- -	610,000	1,892,716	- -	- -	593,000	
2. Colorado (Middle), Tex.	2,693,000	5,466,790	- -	- -	666,975	1,527,373	- -	Review survey in process, but not yet at draft report stage.
Fiscal year 1952	- -	- -	202,346	880,950	- -	- -	477,378	
Fiscal year 1953	- -	- -	232,457	1,113,407	- -	- -	558,210	
Fiscal year 1954	- -	- -	724,000	1,837,407	- -	- -	643,272	
3. Coosa, Ga.	1,233,000	2,491,230	- -	- -	2,939,548	6,695,885	- -	Review survey in process, but not yet at draft report stage.
Fiscal year 1952	- -	- -	59,680	461,688	- -	- -	417,780	
Fiscal year 1953	- -	- -	224,224	685,912	- -	- -	732,860	
Fiscal year 1954	- -	- -	332,000	1,017,912	- -	- -	1,175,570	
4. Little Sioux, Iowa	4,280,000	8,838,200	- -	- -	1,627,120	3,726,105	- -	Review survey considered advisable.
Fiscal year 1952	- -	- -	548,640	4,356,274	- -	- -	120,500	
Fiscal year 1953	- -	- -	816,584	5,172,858	- -	- -	166,000	
Fiscal year 1954	- -	- -	800,000	5,972,858	- -	- -	211,000	
5. Little Tallahatchie, Miss.	4,221,000	7,739,340	- -	- -	2,458,900	5,409,640	- -	Review survey considered advisable.
Fiscal year 1952	- -	- -	516,906	1,639,280	- -	- -	440,489	
Fiscal year 1953	- -	- -	696,726	2,336,006	- -	- -	984,880	
Fiscal year 1954	- -	- -	931,000	3,267,006	- -	- -	1,614,580	
6. Los Angeles, Calif.	8,380,000	19,490,795	- -	- -	4,565,534	9,382,103	- -	Estimate 8 years to complete at optimum rate of progress, 40 years to complete at F.Y. 1953 rate.
Fiscal year 1952	- -	- -	536,299	5,167,816	- -	- -	1,257,017	
Fiscal year 1953	- -	- -	719,893	5,887,709	- -	- -	1,709,235	
Fiscal year 1954	- -	- -	1,532,000	7,419,709	- -	- -	2,414,235	
7. Potomac, Pa., W.Va., Md., Va.	859,000	1,619,160	- -	- -	1,301,689	2,942,966	- -	Review survey in process.
Fiscal year 1952	- -	- -	101,516	503,276	- -	- -	399,670	
Fiscal year 1953	- -	- -	118,028	621,304	- -	- -	526,000	
Fiscal year 1954	- -	- -	284,000	905,304	- -	- -	861,000	
8. Santa Ynez, Calif.	434,000	2,156,870	- -	- -	61,000	139,690	- -	Estimate 2 years to complete at optimum rate of progress, 4 years to complete at F.Y. 1953 rate.
Fiscal year 1952	- -	- -	281,566	1,228,537	- -	- -	103,110	
Fiscal year 1953	- -	- -	286,345	1,514,882	- -	- -	183,000	
Fiscal year 1954	- -	- -	360,000	1,874,882	- -	- -	261,000	
9. Trinity, Tex.	32,000,000	64,943,540	- -	- -	14,017,115	32,059,721	- -	Review survey in process. Estimate 12 years to complete program recommended in draft report (Feb., 1952) at optimum rate of progress, 89 years to complete at F.Y. 1953 rate.
Fiscal year 1952	- -	- -	980,652	5,630,468	- -	- -	5,709,000	
Fiscal year 1953	- -	- -	1,519,990	7,150,458	- -	- -	7,453,000	
Fiscal year 1954	- -	- -	4,626,000	11,776,458	- -	- -	8,753,000	

Watershed	Total estimated Federal cost of improvements in survey reports: Costs shown in survey reports	Total estimated Federal cost of improvements in survey reports: Based on costs as of June 30, 1952	Estimated Federal obligations: By years	Estimated Federal obligations: Cumulative	Total estimated non-Federal contributions to cost of improvements in survey reports: Initial estimated contributions	Total estimated non-Federal contributions to cost of improvements in survey reports: Initial estimated contributions based on costs June 30, 1952	Total estimated non-Federal contributions to cost of improvements in survey reports: Approximate cumulative non-Federal contributions	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
PART I. Watershed improvement programs authorized under flood control acts - Cont'd.								
10. Washita, Okla., Tex.	$11,243,000	$22,823,290	- -	- -	$3,169,600	$7,258,384	- -	Review survey in process. Estimate 15 years to complete program recommended in draft report (Nov., 1951) at optimum rate of progress, 68 years to complete at F.Y. 1953 rate.
Fiscal year 1952	- -	- -	$640,545	$5,119,016	- -	- -	$2,244,000	
Fiscal year 1953	- -	- -	1,039,680	6,158,696	- -	- -	2,623,000	
Fiscal year 1954	- -	- -	2,483,000	8,641,696	- -	- -	3,042,000	
11. Yazoo, Miss.	21,700,000	34,382,330	- -	- -	16,031,000	33,091,500	- -	Review survey considered advisable.
Fiscal year 1952	- -	- -	625,105	2,183,811	- -	- -	697,263	
Fiscal year 1953	- -	- -	1,057,537	3,241,348	- -	- -	1,158,320	
Fiscal year 1954	- -	- -	1,718,000	4,959,348	- -	- -	1,815,920	
12. Emergencies:								The Flood Control Act of 1950, approved May 17, 1950 (Sec. 216) authorizes the use of not more than $300,000 each year for emergency flood prevention measures to safeguard lives and property on any watershed whenever fire or any other natural element or force has caused a sudden impairment of that watershed.
Fiscal year 1952	- -	- -	178,006	486,599	- -	- -	- -	
Fiscal year 1953	- -	- -	300,000	786,599	- -	- -	- -	
Fiscal year 1954	- -	- -	- -	786,599	- -	- -	- -	
Total, part I	89,624,400	175,230,382	- -	- -	47,469,841	103,679,181	- -	
Fiscal year 1952	- -	- -	4,873,524	28,700,187	- -	- -	12,158,257	
Fiscal year 1953	- -	- -	7,251,708	35,951,895	- -	- -	16,471,505	
Fiscal year 1954	- -	- -	14,400,000	50,351,895	- -	- -	21,384,577	
PART II. Flood prevention measures authorized under legislation other than the flood control acts								
1. Brazos, Tex.	69,084,000	79,554,000	- -	- -	39,981,305	46,098,000	- -	Survey report transmitted to the Congress 3-10-52.
Fiscal year 1954	- -	- -	2,500,000	2,500,000	- -	- -	1,440,000	
2. Delaware, N.Y., N.J., Pa., Del., Md.	32,766,000	37,240,000	- -	- -	31,616,000	36,136,000	- -	Survey report transmitted to the Congress 3-19-52.
Fiscal year 1954	- -	- -	900,000	900,000	- -	- -	840,000	
3. Pecos, N. Mex., Tex.	14,683,800	16,887,000	- -	- -	5,442,500	6,301,000	- -	Survey report transmitted to the Congress 5-10-52.
Fiscal year 1954	- -	- -	712,000	712,000	- -	- -	250,000	
4. Savannah, Ga., N.C., S.C. ...	14,906,000	18,395,000	- -	- -	6,103,400	7,565,000	- -	Survey report transmitted to the Congress 9-30-52.
Fiscal year 1954	- -	- -	825,000	825,000	- -	- -	331,000	

Watershed	Total estimated Federal cost of improvements in survey reports		Estimated Federal obligations		Total estimated non-Federal contributions to cost of improvements in survey reports			Remarks
	Costs shown in survey reports	Based on costs as of June 30, 1952	By years	Cumulative	Initial estimated contributions	Initial estimated contributions based on costs June 30, 1952	Approximate cumulative non-Federal contributions	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
PART II. Flood prevention measures authorized under legislation other than the flood control acts - Cont'd.								
5. Scioto, Ohio	$11,615,210	$13,226,000	- -	- -	$8,692,780	$10,014,000	- -	Survey report transmitted to the Congress 3-19-52.
Fiscal year 1954	- -	- -	$349,000	$349,000	- -	- -	$260,000	
6. Sny, Ill.	6,542,777	7,834,000	- -	- -	3,251,406	3,889,100	- -	Survey report transmitted to the Congress 3-10-52.
Fiscal year 1954	- -	- -	345,000	345,000	- -	- -	170,000	
7. South Platte (Upper), Colo.	32,935,100	32,935,100	- -	- -	2,838,100	2,838,100	- -	Survey report transmitted to the Congress 7-3-52.
Fiscal year 1954	- -	- -	844,000	844,000	- -	- -	70,000	
Total, part II	182,532,887	206,071,100	6,475,000	6,475,000	97,925,491	112,841,200	3,361,000	
Grand total, table 2.	272,157,287	381,301,482	- -	- -	145,395,332	216,520,381	- -	
Fiscal year 1952	- -	- -	4,873,524	28,700,187	- -	- -	12,158,257	
Fiscal year 1953	- -	- -	7,251,708	35,951,895	- -	- -	16,471,505	
Fiscal year 1954	- -	- -	20,875,000	56,826,895	- -	- -	24,745,577	

FLOOD PREVENTION, AGRICULTURE

Appropriation Act, 1953		$7,750,000
Reductions pursuant to:		
Section 411	$309	
Section 412	266	-575
Activities transferred in 1954 estimates for measures contributing to flood prevention, as shown in detail on next page		-2,029,592
Base for 1954		5,719,833
Revised Budget Estimate, 1954		7,000,000
Increase (direct appropriation)		+1,280,167

Note: Although an increase in appropriation of $1,280,167 is requested for this item in 1954 it is estimated that there will be an increase of only $861,819 in total funds available due to the availability of prior year balances of $418,348 in the fiscal year 1953.

SUMMARY OF INCREASES AND DECREASES, 1954
(On the basis of available funds)

For preparation of preliminary examinations and surveys	-194,118
For installation of measures primarily for flood prevention (works of improvement) under the Flood Control Acts	+1,064,213
For legal work and over-all coordination and supervision of flood prevention activities	-8,276

PROJECT STATEMENT
(Reflecting available funds)

Project	1952	1953 (estimated)	Increases and Decreases	1954 Revised (estimated)
1. Preliminary examinations and surveys	$1,685,925	$694,118	-$194,118(1)	$500,000
2. Measures primarily for flood prevention (works of improvement) authorized under the Flood Control Acts	3,478,792	5,222,116	+1,064,213(2)	6,286,329
3. General basin investigations in the Arkansas-White-Red River and New England-New York areas	241,291	178,671	- -	178,671
Transferred to: "Salaries and expenses, Office of the Secretary of Agriculture"	24,593	24,850	-7,850(3)	17,000

(Continued on next page)

Project	1952	1953 (estimated)	Increases and Decreases	1954 Revised (estimated)
Transferred to:	.....	.....	.....	
"Salaries and expenses, Office of the Solicitor, Department of Agriculture"	18,460	18,426	-426(3)	18,000
Total available or estimate	5,449,061	6,138,181	+861,819	7,000,000
Prior year balance available in 1952 ..	-702,541	- -		
1952 balance available in 1953	+418,348	-418,348		
Transfer in 1954 estimates to:				
"Salaries and expenses, Forest Service"	+301,342	+372,566		
"Forest roads and trails, Forest Service"	+63,717	+71,958		
"State and private forestry cooperation, Forest Service"	+31,555	+71,776		
"Salaries and expenses, Soil Conservation Service"	+998,118	+1,513,292		
Reductions pursuant to Sections 411 and 412	- -	+575		
Total appropriation or estimate	6,559,600	7,750,000		

INCREASES AND DECREASES

The increase of $861,819 in estimated obligations under this item for 1954 consists of the following:

(1) A decrease of $194,118 for Preliminary Examinations and Surveys. Work on various surveys now under way would be curtailed or discontinued. The survey work in 1954 would consist primarily of (1) completing watershed surveys already under way, and (2) the review of programs set forth in certain previously completed reports and preparation of revised programs in keeping with present knowledge, policies, and experience gained.

(2) An increase of $1,064,213 for measures primarily for flood prevention (works of improvement) for installing in the 11 watersheds for which improvement programs are authorized by the Flood Control Acts, watershed improvement measures that retard run-off and waterflow and prevent erosion, thereby reducing floodwater and sediment damages.

Watershed improvement measures installed to date on portions of the 11 watersheds authorized by the 1944 Flood Control Act, as amended and Supplemented, are demonstrating successful results. There is an increasing demand for more rapid installation of these run-off and waterflow retardation and soil erosion prevention measures. Completed work provides immediate and long-time reduction in floodwater, sediment and erosion damages and accompanying benefits in increased agricultural production, maintenance of the productive soil base, conservation and better use of water, and protection to downstream reservoirs and other works constructed by other agencies. Land owners and operators within untreated portions of these watersheds are anxious to participate in the installation of measures needed there.

Some measures have been installed within portions of each of the 11 watersheds each year beginning with 1947. On untreated portions of the watersheds, erosion and floodwaters have caused further damages since the survey reports were completed so the improvement job has become bigger. In addition, costs have increased so that the original survey estimates of costs of the Federal portion of the job have about doubled because of the price factor alone. The rate of installation during the first 7 years has been at a much slower rate than called for in the installation schedules. The increase requested would help to improve this situation.

The installation of these measures primarily for flood prevention as a part of the total approved watershed improvement programs would be carried out as at present by the Forest Service and Soil Conservation Service. The related activities of these and other agencies would be correlated with this work. Subwatershed or functional work plans financed by this appropriation and prepared in cooperation with the local people form the basis for the work proposed in 1954. The increase requested is well within a rate of installation which local cooperators have indicated they are prepared to proceed with. The watersheds upon which work would be done and the estimated obligations during 1953 and 1954 are listed in the following table.

Measures Primarily for Flood Prevention (works of imorovement)
Estimated Obligations by Watersheds and Agencies
Fiscal Years 1953 and 1954

Watershed	Estimated Obligations					
	Fiscal Year 1953			Fiscal Year 1954		
	FS	SCS	Total	FS	SCS	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Watershed improvement programs authorized under the Flood Control Acts						
Buffalo Creek, N.Y.	- -	188,111	188,111	- -	248,000	248,000
Colorado (Mid.), Tex	- -	188,284	188,284	- -	294,000	294,000
Coosa, Ga.	- -	135,413	135,413	- -	167,000	167,000
Little Sioux, Iowa	- -	760,240	760,240	- -	750,000	750,000

(Continued on next page)

Watershed	Estimated Obligations					
	Fiscal Year 1953			Fiscal Year 1954		
	FS	SCS	Total	FS	SCS	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Watershed improvement programs authorized under the Flood Control Acts						
Little Tallahatchie, Miss.	176,873	341,427	518,300	173,000	423,500	596,500
Los Angeles, Calif.	137,640	260,807	398,447	273,583	305,000	578,583
Potomac, Pa., W. Va., Md., Va.	13,468	25,870	39,338	14,000	42,000	56,000
Santa Ynez, Calif.	- -	173,267	173,267	- -	170,000	170,000
Trinity, Tex.	- -	914,968	914,968	- -	1,314,000	1,314,000
Washita, Okla., Tex.	- -	866,035	866,035	- -	1,197,246	1,197,246
Yazoo, Miss.	223,558	516,155	739,713	265,000	650,000	915,000
Emergencies	46,500	253,500	300,000	- -	- -	- -
Total	598,039	4,624,077	5,222,116	725,583	5,560,746	6,286,329

(3) A decrease of $8,276 in transfers to Offices of the Secretary and Solicitor, for legal services and over-all coordination and supervision of flood prevention activities. Explanations of the decreased transfers are contained in the budget estimates for the two offices involved.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For expenses necessary, in accordance with the Flood Control Act, approved June 22, 1936 (Public Law 738), as amended and supplemented, and in accordance with the provisions of laws relating to the activities of the Department, to make preliminary examinations and surveys, and to perform works of improvement, and to plan the agricultural phases of the development of the Columbia Basin area, the Arkansas-White-Red River area, the New England-New York area, [the Colorado River area,] the Missouri River area, [the Sevier River area,] and the Mississippi River area, [in accordance with the provisions of laws relating to the activities of the Department,] including not to exceed $100,000 for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), at rates for individuals not to exceed $100 per diem, to remain available until expended, [$7,750,000] $7,000,000, with which shall be merged the unexpended balances of funds heretofore appropriated or transferred to the Department for flood [-control] prevention purposes: Provided, That no part of such funds shall be used for the purchase of lands in the Yazoo and Little Tallahatchie watersheds without specific approval of the county board of supervisors of the county in which such lands are situated [, nor shall any part of such funds be used for the purchase of lands in the counties of Adair,

Cherokee, and Sequoyah, in the State of Oklahoma, Neosho, Cottonwood, Verdigris, Caney, and tributaries in Kansas, without the specific approval of the Board of County Commissioners of the county in which such lands are situated]: Provided further, That of the funds available herein, not in excess of [$5,556,540] $6,286,329 (with which shall be merged the unexpended balance of funds heretofore made available for these purposes) may be expended in watersheds heretofore authorized by section 13 of the Flood Control Act of December 22, 1944, for necessary gully control, floodwater detention, and floodway structures in areas other than those over which the Department of the Army has jurisdiction and responsibility.

The first change in language is to relocate within the item the words "in accordance with the provisions of laws relating to the activities of the Department" in order to provide for the use of funds appropriated under this item for the installation of flood prevention measures in accordance with existing authorities available to the Department other than the Flood Control Acts.

The second change in language proposes deletion of the words "the Colorado River area," since it is proposed to defer initiation of development of an agricultural program for that area.

The third change in language proposes deletion of the words "the Sevier River area" since a watershed survey report on the area (H. Doc. 406, 82nd Cong., 2nd Sess.) has been completed and forwarded to the Congress, and it is not contemplated that a general basin investigation will be made in the area.

The fourth change in language substitutes the word "prevention" for the word "control" so that the language will be consistent with the revised title of this item.

The fifth change in language proposes deletion of reference to the prohibition of the purchase of lands in certain parts of the Grand (Neosho) and Lower Arkansas watershed areas. The Grand (Neosho) report (H. Doc. No. 388, 82nd Cong., 2nd Sess.) does not provide for any land acquisition in the subwatersheds mentioned, and the Lower Arkansas River survey report specifically provides that no acquisition is recommended in the Oklahoma counties mentioned. Therefore, this language is unnecessary.

FLOOD PREVENTION, AGRICULTURE

Appropriation Act, 1953		$7,750,000
Reductions pursuant to:		
Section 411	$309	
Section 412	266	-575
Activities transferred in 1954 estimates for measures contributing to flood prevention, as shown in detail on next page		-2,029,592
Base for 1954		5,719,833
Budget Estimate, 1954		15,566,000
Increase (direct appropriation)		+9,846,167

Note: Although an increased appropriation of $9,846,167 is requested for this item in 1954 it is estimated that there will be an increase of $9,427,819 in total funds available due to the availability of prior year balances of $418,348 in the fiscal year 1953.

SUMMARY OF INCREASES, 1954
(On the basis of available funds)

For preparation of preliminary examinations and surveys	+305,882
For installation of measures primarily for flood prevention (works of improvement) under the Flood Control Acts	+6,025,884
For installation of measures primarily for flood prevention (works of improvement) under legislation other than the Flood Control Acts	+2,733,000
For acceleration of plans for agricultural phases of basin resource development programs for the Arkansas-White-Red River and the New England-New York areas; and for initiating such plans for the Colorado River area	+321,329
For additional legal work and over-all coordination and supervision of flood prevention activities	+41,724

PROJECT STATEMENT
(Reflecting available funds)

Project	1952	1953 (estimated)	Increases	1954 (estimated)
1. Preliminary examinations and surveys	$1,685,925	$694,118	+$305,882 (1)	$1,000,000
2. Measures primarily for flood prevention (works of improvement):				
(a) Authorized under the Flood Control Acts	3,478,792	5,222,116	+6,025,884 (2)	11,248,000
(b) Authorized under legislation other than the Flood Control Acts	—	—	+2,733,000 (2)	2,733,000
3. General basin investigations in the Arkansas-White-Red River, Colorado River, and New England-New York areas	241,291	178,671	+321,329 (3)	500,000

(continued on next page)

Project	1952	1953 (estimated)	Increases	1954 (estimated)
Transferred to:				
"Salaries and expenses, Office of the Secretary of Agriculture"	24,593	24,850	+10,150 (4)	35,000
"Salaries and expenses, Office of the Solicitor, Department of Agriculture"	18,460	18,426	+31,574 (4)	50,000
Total available or estimate	5,449,061	6,138,181	+9,427,819	15,566,000
Prior year balance available in 1952	-702,541	—		
1952 balance available in 1953	+418,348	-418,348		
Transfer in 1954 estimates to:				
"Salaries and expenses, Forest Service"	+301,342	+372,566		
"Forest roads and trails, Forest Service"	+63,717	+71,958		
"State and private forestry cooperation, Forest Service".....	+31,555	+71,776		
"Salaries and expenses, Soil Conservation Service"	+998,118	+1,513,292		
Reductions pursuant to Sections 411 and 412 ...	—	+575		
Total appropriation or estimate	6,559,600	7,750,000		

INCREASES

The increase of $9,427,819 in estimated obligations under this item for 1954 consists of the following:

(1) An increase of $3[illegible],882 for Preliminary Examinations and Surveys. The funds would be used to make surveys and prepare reports on watersheds authorized for survey. The Congress has authorized and directed the Secretary of Agriculture to investigate, develop information about, and recommend to the Congress programs for the improvement of watersheds to retard run-off and waterflow and to prevent erosion in accordance with the provisions of the Flood Control Acts. Such examinations and surveys have not been initiated in a large number of these watersheds. The growing public understanding of the important influence of proper watershed use, improvement, and management in reducing upstream floodwater and sediment damages has intensified and expanded the demand for the installation of watershed improvements for which the Department is responsible. Uncontrolled run-off from watershed lands, watercourses

and tributary streams causes increasing damage to fields, crops and other property by erosion, flooding, scouring and depositing sediment. It also results in increased depositing of sediment and debris in stream channels and reservoirs. Acceleration of this investigative phase of the work is necessary so that improvement work may contribute sooner, on a broader base, to the protection of lands, improvements, crops and other property. The works of improvement would also help make needed increased crop production possible and protect reservoirs furnishing water for irrigation and power production.

The survey work in 1954 would consist primarily of (1) completing or continuing watershed surveys already under way, and (2) the review of certain previously completed reports. Because of changed physical conditions on several watersheds and of improved and more effective run-off and waterflow retardation and erosion prevention techniques that have been developed since the original reports were prepared, the Congress has authorized review reports on 5 of the watersheds. The Department is suggesting the advisability of such reports on four others so that recommended programs may more adequately reflect current conditions and needed improvements.

The investigative and program development work would be carried out by the Forest Service and Soil Conservation Service in their areas of geographical assignment with the consultive assistance of the Bureau of Agricultural Economics, the Production and Marketing Administration, and other Federal and State agencies.

(2) <u>An increase of $8,758,884 for measures primarily for flood prevention (works of improvement) for the installation of watershed improvement measures that retard run-off and waterflow and prevent erosion, thereby reducing flood-water and sediment damages</u>. This increase consists of the following:

(a) <u>An increase of $6,025,884 for works of improvement in the 11 watersheds for which improvement programs are authorized by the Flood Control Acts</u>.

Watershed improvement measures installed to date on portions of the 11 watersheds authorized by the 1944 Flood Control Act, as amended and supplemented, are demonstrating successful results. There is an increasing demand for more rapid installation of these run-off and waterflow retardation and soil erosion prevention measures. Completed work provides immediate and long-time reduction in floodwater, sediment and erosion damages and accompanying benefits in increased agricultural production, maintenance of the productive soil base, conservation and better use of water, and protection to downstream reservoirs and other works constructed by other agencies. Land owners and operators within untreated portions of these watersheds are anxious to participate in the installation of measures needed there.

Some measures have been installed within portions of each of the 11 watersheds each year beginning with 1947. On untreated portions of the watersheds, erosion and floodwaters have caused further damages since the survey reports were completed so the improvement job has become bigger. In addition, costs have increased so that the original survey estimates of costs of the Federal portion of the job have about doubled

because of the price factor alone. The rate of installation during the first 6 years has been at a much slower rate than called for in the installation schedules. The increase requested would permit a rate of installation more in line with needs as expressed in survey reports.

The installation of these measures primarily for flood prevention as a part of the total approved watershed improvement programs would be carried out as at present by the Forest Service and Soil Conservation Service. The related activities of these and other agencies would be correlated with this work. Subwatershed or functional work plans financed by this appropriation and prepared in cooperation with the local people form the basis for the work proposed in 1954. The increase requested represents a rate of installation which local cooperators have indicated they are prepared to proceed with. The watersheds upon which work would be done and the estimated obligations during 1953 and 1954 are listed in the table on page .

(b) <u>An increase of $2,733,000 for installation of works of improvement under legislation other than the Flood Control Acts on watersheds for which improvement programs have been developed</u>. Installations of flood prevention measures in upstream areas, the benefits from which are largely off-site, are necessary to reduce floodwater, sediment and erosion damage to farm lands and improvements, municipalities, public utilities, transportation systems, and other downstream property, particularly above mainstream reservoirs, and to protect the reservoirs, local and other works on main channels from sedimentation. To achieve these benefits on 7 additional watersheds, it is proposed to initiate improvement measures by preparing necessary work plans and providing essential treatment of critical areas and watercourses within these watersheds by:

(1) stabilization of critical run-off and sediment producing areas;
(2) installing erosion control structures such as debris basins, special purpose terraces, check-dams, gully plugs and other similar purpose measures;
(3) installing floodways and stabilizing stream banks and cuts and fills on roads and trails;
(4) installing small waterflow retarding structures; and
(5) installing diversion ditches and dikes and other measures essential to effective flood prevention including those required to protect and keep continuously effective related land treatment measures.

The Department's part of these installations would be carried out by the Forest Service and Soil Conservation Service in accordance with the provisions of subwatershed or functional work plans prepared cooperatively with local people and providing for appropriate coordination with land treatment measures. Local contributions and provisions for local acceptance of maintenance responsibility in accordance with the provisions of the survey reports would be arranged for.

Following is a brief summary of the situation on each of the 7 watersheds, the indicated improvements to be accomplished, the relation of the expected

benefits to the estimated costs and the estimated sharing of costs by the Federal Government and local interests:

1. Brazos (H. Doc. 396, 82nd Cong., 2nd Sess.)
Over 80 percent of the flood damage within the Brazos River watershed is agricultural. Most of this damage is caused by frequent flooding of the wide, cultivated, tributary flood plains. Excessive run-off from unimproved, overgrazed, grassland areas and erosion of sloping, unterraced farm lands aggravate these agricultural losses. Evaluated monetary benefits from reducing flood damages within the watershed and from increased yields and other sources attributable to the recommended program will exceed the cost in the ratio of 2.28 to 1. The total estimated cost of $109,065,305 to install the program over a 15 year period will be shared by the Federal Government - $69,084,000; other public agencies - $9,578,000; and local interests - $30,403,305 (1949 prices).

2. Delaware (H. Doc. 405, 82nd Cong., 2nd Sess.)
On the small tributaries of the Delaware River watershed frequent spring and early summer floods cause large agricultural damages, mainly to pastures and crops, and prevent the use of bottomlands to their full capability. Sedimentation, nonagricultural and erosion damage are also high. The program designed to reduce these damages will yield evaluated benefits, including those for increased agricultural production, exceeding the cost in the ratio of 1.7 to 1. The total estimated cost of installing the recommended program over a 20-year period is $64,382,000, of which the Federal Government will provide $32,766,000 and local interests $31,616,000 (1949 prices).

3. Pecos (H. Doc. 475, 82nd Cong., 2nd Sess.)
Ninety-eight percent of the land in the complex Pecos River watershed is used for grazing and the remainder is used for crop production. Deterioration of the original protective vegetative cover of the watershed as a result of heavy grazing has accelerated run-off and increased sediment movement. Flood damage to crops and irrigation systems together with reservoir sedimentation account for 90 percent of the flood damage. The recommended program will reduce this damage and in addition will increase agricultural production resulting in total calculated benefits exceeding the cost in the ratio of 3 to 1. The estimated total cost of installing the program over a 15-year period is $20,126,300 to be shared by the Federal Government in the amount of $14,683,800 and local interests, $5,442,500 (1948 prices).

4. Savannah (H. Doc. 40, 83rd Cong., 1st Sess.)
Although about 60 percent of the Savannah River watershed is wooded, over three-fourths of this woodland is classed as poor in terms of run-off retardation. Crop and pasture lands have been mismanaged, are severely eroding and are a critical source of floodwater and sediment. Gullies are a major source of damaging coarse sediment. Benefits from the recommended program will accrue from reductions in floodwater, sediment and land damage; increased productivity of bottomland and decreased maintenance costs on roads and railroads;

and from increased crop, pasture and woodland yields. The calculated benefits are estimated to exceed the cost in the ratio of 1.31 to 1. The estimated total cost of installing the program during a 15-year period is $21,009,400 of which $14,906,000 is allocated to the Federal Government and $6,103,400 will be borne by local interests (1947 prices).

5. Scioto (H. Doc. 409, 82nd Cong., 2nd Sess.)
Within the Scioto River watershed severe annual damage is about equally distributed between inundation, sedimentation, and erosion damage. Past land use has aggravated flooding and erosion, and it is estimated that 85 percent of the sediment now comes from sheet erosion. The proposed program will reduce the damages in the watershed, increase crop yields, and increase production on bottomlands. The calculated benefits are estimated to exceed the cost in the ratio of 3.4 to 1. To install the program over a 20-year period, the estimated cost to the Federal Government is $11,615,210 and to local interests is $8,692,780, making a total installation cost of $20,307,990 (1949 prices).

6. The Sny (H. Doc. 318, 82nd Cong., 2nd Sess.)
Damaging floods occur about four times annually on the tributaries of the Sny. Intensive farming and overgrazing has increased run-off and erosion resulting in excessive damage from floodwater and sediment. The recommended program designed to reduce these damages will produce calculated benefits which exceed the cost in the ratio of 3.59 to 1. The estimated total cost of installing the program over a 20-year period is $9,794,183 of which the cost to the Federal Government will be $6,542,777 and the cost to local interests will be $3,251,406 (1948 prices).

7. South Platte, Upper (H. Doc. 530, 82nd Cong., 2nd Sess.)
Past misuse and deterioration of the water-yielding mountainous lands of the Upper South Platte River watershed have increased the flood hazard, adversely affected the supply of water, impaired forest and range productivity, and detracted from the recreational assets. Grasslands and the water-using land below the mountains also contribute to flood, erosion and sediment damage. Sediment damage is especially severe in this watershed. The recommended program will reduce flood damages and also increase the yield of forest, crop, and pasture land. It is estimated that the total benefits will exceed the cost in the ratio of about 2 to 1. The estimated cost of installing the program over a 20-year period is $35,773,200 of which $32,935,100 is the cost to the Federal Government and $2,838,100 to private interests. (long-term price projection).

The following table reflects the estimated obligations, by watersheds, for installing the Measures Primarily for Flood Prevention (works of improvement):

Measures Primarily for Flood Prevention (works of improvement)

Estimated Obligations by Watersheds and Agencies
Fiscal Years 1953 and 1954

Watershed	Estimated Obligations					
	Fiscal Year 1953			Fiscal Year 1954		
	FS	SCS	Total	FS	SCS	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I. Watershed improvement programs authorized under the Flood Control Acts						
Buffalo Creek, N.Y.	--	188,111	188,111	--	565,000	565,000
Colorado (middle), Tex. ...	--	188,284	188,284	--	639,000	639,000
Coosa, Ga.	--	135,413	135,413	--	167,000	167,000
Little Sioux, Iowa	--	760,240	760,240	--	750,000	750,000
Little Tallahatchie, Miss.	176,873	341,427	518,300	315,000	419,000	734,000
Los Angeles, Calif.	137,[illegible]40	260,807	398,447	527,000	426,000	953,000
Potomac, Pa., W.Va., Md., Va..	13,468	25,870	39,338	14,000	42,000	56,000
Santa Ynez, Cal.	--	173,267	173,267	--	170,000	170,000
Trinity, Tex....	--	914,968	914,968	--	3,926,000	3,926,000
Washita, Okla., Tex.	--	866,035	866,035	--	2,089,000	2,089,000
Yazoo, Miss. ...	223,558	516,155	739,713	370,000	829,000	1,199,000
Emergencies	46,500	253,500	300,000	--	--	--
Total	598,039	4,624,077	5,222,116	1,226,000	10,022,000	11,248,000
II. Flood prevention measures authorized under legislation other than Flood Control Acts						
Brazos, Tex. ...	--	--	--	5,000	720,000	725,000
Delaware, N.Y., N.J., Pa., Del., Md.	--	--	--	53,000	300,000	353,000
Pecos, N. Mex., Tex.	--	--	--	95,000	200,000	295,000
Savannah, Ga., N.C., S.C. ...	--	--	--	60,000	421,000	481,000
Scioto, Ohio ...	--	--	--	9,000	180,000	189,000
Sny, Ill.	--	--	--	5,000	260,000	265,000
South Platte (Upper) Colo.	--	--	--	225,000	200,000	425,000
Total	--	--	--	452,000	2,281,000	2,733,000
Grand Total	598,039	4,624,077	5,222,116	1,678,000	12,303,000	13,981,000

(3) An increase of $321,329 for General Basin Investigations for acceleration of plans for the agricultural phases of basin resource development programs for the Arkansas-White-Red River and New England-New York areas, and to initiate such plans for the Colorado River area. The Department is participating with other Federal agencies and the States concerned in the development of comprehensive resource development programs for the Arkansas-White-Red River and New England-New York areas by obtaining the necessary agricultural data and helping to present the agricultural phases of the programs in harmony and balance with other phases of recommended development. In this connection, it is particularly desirable to study the impacts of inundation on agriculture, on local rural governmental units and on the local economy in a number of cases in the New England-New York area where flood control and hydro-power reservoirs are expected to be proposed for construction.

The Department also proposes to develop a comprehensive agricultural program for the Colorado River area to complement plans already prepared by other agencies for development of the irrigation and power resources of the river. This is essential in order that a complete program for development of the land and water resources of the area will be available for consideration by the Congress and in order that protection may be afforded main stream investments by watershed treatment above reservoirs.

The increase is necessary (1) to permit the Department to complete its part of the over-all job on the first two resource development programs in accordance with the schedule prescribed for all the participating Federal agencies, and (2) to initiate field work on the Colorado River area. The data gathering and program development work would be carried out in each area by representatives of agencies of the Department serving as work groups under the supervision of a Field Representative of the Office of the Secretary and cooperating closely with representatives of other Federal and State agencies concerned.

(4) An increase of $41,724 in transfers to Offices of the Secretary and Solicitor, for additional legal services and over-all coordination and supervision of flood prevention activities incident to increases proposed in 1954 for this item. Detailed explanation of the increased transfers are contained in the budget estimates of the two offices involved.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For expenses necessary, in accordance with the Flood Control
Act, approved June 22, 1936 (Public Law 738), as amended and
1 supplemented, and in accordance with the provisions of laws re-
lating to the activities of the Department, to make preliminary
examinations and surveys, and to perform works of improvement,
and to plan the agricultural phases of the development of the
Columbia Basin area, the Arkansas-White-Red River area, the
New England-New York area, the Colorado River area, the Missouri
2 River area, [the Sevier River area,] and the Mississippi River

area, /in accordance with the provisions of laws rel ting to the activities of the Department,/ including not to exceed $100,000 for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), at rates for individuals not to exceed $100 per diem, to remain available until expended, /$7,750,000/ $15,566,000, with which shall be merged the unexpended balances of funds heretofore appropriated
3 or transferred to the Department for flood/-control/ prevention purposes: Provided, That no part of such funds shall be used for the purchase of lands in the Yazoo and Little Tallahatchie watersheds without specific approval of the county board of supervisors of the county in which such lands are situated/, nor
4 shall any part of such funds be used for the purchase of lands in the counties of Adair, Cherokee, and Sequoyah, in the State of Oklahoma, Neosho, Cottonwood, Verdigris, Caney, and tributaries in Kansas, without the specific approval of the Board of County Commissioners of the county in which such lands are situated/: Provided further, That of the funds available herein, not in excess of /$5,556,540/ $11,248,000 (with which shall be merged the unexpended balance of funds heretofore made available for these purposes) may be expended in watersheds heretofore authorized by section 13 of the Flood Control Act of December 22, 1944, for necessary gully control, floodwater detention, and floodway structures in areas other than those over which the Department of the Army has jurisdiction and responsibility.

The first change in language is to relocate within the item the words "in accordance with the provisions of laws relating to the activities of the Department" in order to provide for the use of funds appropriated under this item for the installation of flood prevention measures in accordance with existing authorities available to the Department other than the Flood Control Acts.

The second change in language proposes deletion of the words "the Sevier River area" since a watershed survey report on the area (H. Doc. 406, 82nd Cong., 2nd Sess.) has been completed and forwarded to the Congress, and it is not contemplated that a general basin investigation will be made in the area.

The third change in language substitutes the word "prevention" for the word "control" so that the language will be consistent with the revised title of this item.

The fourth change in language proposes deletion of reference to the prohibition of the purchase of lands in certain parts of the Grand (Neosho) and Lower Arkansas watershed areas. The Grand (Neosho) report (H. Doc. No. 388, 82nd Cong., 2nd Sess.) does not provide for any land acquisition in the subwatersheds mentioned, and the Lower Arkansas River survey report specifically provides that no acquisition is recommended in the Oklahoma counties mentioned. Therefore, this language is unnecessary.

STATUS OF PROGRAM

The objective of this program is to reduce damages caused by floodwaters, erosion, and sediment to farms, forests, rural communities, and other property, particularly above main-stream works, and to reservoirs and other protection works on the main-streams. This objective is met by the installation of measures primarily for flood prevention under this appropriation, and the application of conservation measures contributing to flood prevention under other appropriations of the Department. Adjustments in the use of lands, the use of vegetative cover and other conservation measures, increase the amount of water temporarily stored in the soil. Supplementary structures help to impound sediment, control gullys, stabilize stream banks and retard run-off and control its movement into the rivers.

Progress with Preliminary Examinations and Surveys

Congress has authorized over 1,000 watershed investigations.

Congress has authorized and directed this Department to make some 1,061 watershed investigations under the Flood Control Acts. In various instances two or more authorizations are concerned with the same watershed or portion thereof, so the actual number of survey reports to be prepared and the number of watersheds involved is materially less than this figure.

The Department has completed preliminary examination reports on 180 watersheds and survey reports on 32.

Preliminary examination reports on 150 watersheds have recommended that surveys be made and 30 have not. Reports on 32 watersheds or groups of watersheds have been forwarded to Congress. Twenty-five of these reports recommended programs of improvement and 7 did not. The Flood Control Act of December 22, 1944, as amended and supplemented, approved programs of improvement as recommended in 11 of these reports. The Department concentrated in 1952 and is again this year on completing survey reports already under way and on getting reports to Congress or prepared for submission. During the fiscal year 1952 and the early part of the current fiscal year reports on the following twelve watersheds were submitted to the Congress where they are now under consideration:

Brazos River, Texas (H. Doc. 396, 82nd Cong., 2nd Sess.)
Delaware River, Pa., Del., N. J. (H. Doc. 405, 82nd Cong., 2nd Sess.)
Grand (Neosho) River, Ark., Okla., Kan., Mo. (H. Doc. 388, 82nd Cong., 2nd Sess.)
Green River, Ky. & Tenn. (H. Doc. 261, 82nd Cong., 1st Sess.)
Pecos River, Texas, N. M. (H. Doc. 475, 82nd Cong., 2nd Sess.)
Pee Dee River, Va., N. C., S. C. (H. Doc. 395, 82nd Cong., 2nd Sess.)
Queen Creek, Ariz. (H. Doc. 397, 82nd Cong., 2nd Sess.)
Savannah River, N. C., S. C., Ga. (H. Doc. 40, 83rd Cong., 1st Sess.)
Scioto River, Ohio (H. Doc. 409, 82nd Cong., 2nd Sess.)
Sevier Lake, Utah (H. Doc. 406, 82nd Cong., 2nd Sess.)
Sny, Ill. (H. Doc. 398, 82nd Cong., 2nd Sess.)
Youghiogheny River, Pa., W. Va., Md. (H. Doc. 39, 83rd Cong., 1st Sess.)

In addition, the following reports recommending agricultural programs, including measures for flood prevention, have been submitted to the Congress:

Missouri River Basin Agricultural Program (H. Doc. 373, 81st Cong., 1st sess.)
Supplemental Report - Missouri River Basin Agricultural Program - (H. Doc. 530, 82nd Cong., 2nd Sess.)
- Blue River, Kan., Neb.
- Five Mile Creek, Wyo.
- Osage River, Kan., Mo.
- Salt-Wahoo Creeks, Neb.
- Upper South Platte River, Colo., Wyo.

Survey reports on other watersheds are now in final stage.

Survey work was carried on in 1952 on 61 watersheds or groups of watersheds and is scheduled for 32 watersheds in 1953. In several instances reports are being prepared on a group of several authorized watersheds. A similar approach may be followed in the future in other instances where it is feasible and more economical. Eleven watershed survey reports are now in the process of clearance with other Federal agencies and with the States or have been transmitted to the Bureau of the Budget. They are:

- Arkansas River, lower, Okla., Ark.
- Boise, Idaho
- Connecticut, N. H., Vt., Mass., Conn.
- Fountain River, Colo.
- Roanoke River, Va., N. C.
- Russian River, Calif.
- Walla Walla River, Wash., Ore.
- Wasatch Front, Utah.
- Washita (Review), Okla., Tex.
- White River, East Fork of, and Patoka, Ind.
- White River, upper, Ark., Mo.

About 15 others are expected to reach that stage during the fiscal year 1953.

The favorable results obtained from measures now being installed on selected sub-watersheds emphasize the importance and need to speed up the development of improvement programs in drainage basins where floodwater and sediment damage to agricultural and other property is severe and where mainstream complementary works of the Corps of Engineers, Bureau of Reclamation and others need protection.

Watershed and downstream program recommendations are correlated.

Program recommendations for watershed improvement are based upon hydrologic and economic data obtained by this Department, the Corps of Engineers and other Federal, State and local agencies and mutually shared by all to the extent it is useful. Proposed

improvements are correlated with and designed to protect mainstream works constructed by the Corps of Engineers, the Bureau of Reclamation and others, in addition to providing protection to the watershed lands and property above the mainstream works.

General Basin Investigations

This Department is participating with five other Federal departments and agencies and the States concerned in planning comprehensive resource development programs for the Arkansas-White-Red River and the New England-New York areas. In cooperation with the States, the Department is also developing an Agricultural Program for the Columbia River area to complement the mainstream water development programs already prepared by other Federal agencies.

Watershed Works of Improvement

Reduction of floodwater and sediment damages and prevention of floods begins where the rain falls - on watershed lands.

The Flood Control Acts provide for the reduction of floodwater, sediment and erosion damages and the prevention of floods by watershed improvement measures for which the Department of Agriculture is responsible and for control of floods by mainstream control works for which the Department of the Army is responsible. Adjustments in the use of watershed lands, so they are used in accordance with their capabilities to the extent feasible, and the application of soil and water conservation and forestry measures within authorized watersheds increase the capacity of the soil to absorb and temporarily store water. They help to prevent erosion, to prevent floods and to reduce the downstream damage to property and reservoirs by sediment. Gully control, floodwater retarding, sediment storage, streambank stabilization and other supplementary measures further assist in these functions and in the orderly routing of runoff from the land into the minor watercourses and down to the main streams where the Department of the Army has responsibility. The period for installation of improvement measures on individual subwatersheds is customarily planned to cover two to four years. The period for entire watersheds is usually scheduled to cover from 10 to 30 years.

Progress with the installation of improvement measures has revealed the need for review of recommended and authorized programs for several of the watersheds, as indicated previously in these notes.

Responsibilities for Watershed Improvement Work

The Forest Service and the Soil Conservation Service have been assigned responsibility for the installation of authorized watershed works of improvement in accordance with their respective specialist fields. They cooperate with local, State and Federal agencies with which they work on other related activities and with others concerned with this particular activity.

Watershed improvements during the last year by the two agencies concerned are outlined in the following statements. These statements cover both "Measures primarily for flood prevention" and "Conservation measures contributing to flood prevention" since both types of work were conducted under this item in the fiscal years 1952 and 1953.

Watershed Improvement Work by the Forest Service.

The following principal physical works of improvement have been installed and major fire protection equipment items acquired for watershed improvement purposes under the Flood Control Acts by the Forest Service and cooperating State agencies.

Measure	Unit	Total Completed or Acquired		
		In 1952	In Prior Years	To 6-30-52
Fire Protection				
Roads (constructed or rebuilt)	Miles	5.3	52.7	58
Trails (constructed or rebuilt)	"	52	105.3	157.3
Firebreaks	"	--	77.5	77.5
Telephone lines	"	15.3	37.5	52.8
Large water storage tanks	No.	2	59	61
Lookout towers	"	1	10	11
Fire crew station sites	"	1	6	7
Buildings for fire protection work (barracks, cabins, warehouses, garages, offices, mis.)	"	6	36	42
Pumps	"	3	13	16
Radios (mobile and stationary)	"	18	104	122
Fire trucks with equipment	"	1	24	25
Tractors	"	1	6	7
Plows	"	1	8	9
Stabilization of Roadsides	Miles	--	76.3	76.3
Revegetation - Cover Improvement				
Seeding and Planting -- trees and shrubs	Acres	9,320	19,576	28,896
Soil stabilizing brush dams	No.	9,360	5,569	14,929
Emergency seeding following fire on 11 authorized watersheds	Acres	--	1,500	1,500
Mountain Channel Control				
Barriers	No.	--	134	134
Planting	Sq. Yds.	--	292,000	292,000
Channel clearing	Acres	--	29	29
Channel stabilization	Lineal ft.	--	781	781

In the Coosa River watershed the installation phase of fire protection improvements and facilities has been completed to the extent provided

for in the flood control survey report. This has been accomplished cooperatively with the State of Georgia, costs being shared equally by the Federal Government and the State. The flood prevention program has brought protection from forest fires to previously unprotected counties within the watershed and has made available modern fire fighting equipment which would not have been available otherwise.

In the Potomac River watershed the installation of fire protection facilities is nearing completion. The State Forester of West Virginia estimates he probably will be able to finish this phase of the program in that State in the fiscal year 1953, which would finish the fire protection work provided for in the watershed survey report. Costs of the job are shared equally by the Federal Government and the State.

The rate of tree planting in the Little Tallahatchie-Yazoo River watersheds continues to expand each year. A shortage of planting stock has been a limiting factor in the amount of work accomplished. Over 13½ million trees were planted on privately owned lands and nearly 2½ million on public lands in these watersheds in the fiscal year 1952. As an indication of progress in local participation in and acceptance of the work, considerable effort was required in one county to get 20,000 trees planted in the fiscal year 1947, whereas in the fiscal year 1952 more than 1,000,000 trees were planted. A problem confronting owners of some severely eroding land is the rapid erosion of sand which exposes the root systems of planted seedlings resulting in planting failures. To effectively combat this, in addition to using dead mulch, grasses and other plants have been seeded to partially stabilize the planting sites and effect some control of erosion until planted trees can complete the stabilization and erosion prevention job.

During the past year project foresters assisted in the preparation of 959 farm plan agreements. To date approximately 33 percent of the woodlands in the Yazoo-Little Tallahatchie River watersheds have been covered by farm plans. During the fiscal year 1952 some 630 landowners were assisted with their timber management problems, and over 13,000 acres were added to the area of forest lands within the watersheds being managed according to approved forestry practices, particularly from the standpoint of watershed protection.

Fire protection has been extended, in cooperation with the State of Mississippi, to all but four counties in the watersheds. In these four counties much work has been done to help the citizens obtain county-wide fire protection. Project foresters have cooperated directly with the State Forester in suppressing fire and in training emergency fire crews to be available and effective during critical fire conditions.

Citizens of the Yazoo-Little Tallahatchie River watersheds have been helped to understand how to apply good forest practices and to appreciate their importance in the Flood Prevention program. For example, project foresters gave 48 demonstrations of forest practices, made over 100 talks to local groups about the work and supplied local newspapers over 440 articles about watershed improvement needs, methods and progress.

In the mountain area of the Santa Ynez River watershed, above the Gibraltar and Cachuma reservoirs and downstream agricultural areas, the fire protection program is more than two-thirds installed. The arid period since 1943 has produced an increasingly hazardous fire condition. Fires have shown a tendency toward more rapid spread and increased night burning. Many fires have started since the Flood Prevention program was initiated. Any one of these could have become a major conflagration. The intensification of fire protection, and particularly the ready availability of an emergency fire fighting crew provided under the Flood Prevention program have made it possible to suppress quickly the fires which did start and thus save the vital cover of the watershed.

In the Los Angeles River watershed, the Forest Service cooperates in some phases of the Flood Prevention work with the Division of Highways of the State of California, and in other phases with the City and County of Los Angeles. Stabilization of mountain highway slopes cooperatively with the Highway Division has recently been slowed down. It has been necessary for the State to concentrate the use of its funds on projects more directly associated with the defense effort. Work which has been accomplished was subjected to severe tests during the storms of January 1952. Where formerly great slips and landslides were common under similar severe storm conditions, the treated road slopes successfully withstood the impact of rain and runoff from these January storms, thus reducing the costs for road maintenance and the rate at which sediment was washed into the mountain channels above and thence into the Devil's Gate flood control reservoir.

Cooperative fire protection is provided the foothill areas of the steep mountain watershed in cojunction with the City and the County of Los Angeles. Recent rapid expansion of residential development into the foothill areas necessitates a highly integrated program of fire protection on non-Federal and national forest lands by local government agencies and the Forest Service. Fires in buildings, fires occurring along roads and burning wastes are very serious hazards to the adjacent mountain watershed which rises directly above these communities. The cooperative fire protection programs, 75 percent complete with the County and 40 percent complete with the City, have been highly effective in the face of increasingly hazardous conditions in the foothills.

Watershed Improvement Work by the Soil Conservation Service

The Soil Conservation Service has assisted local soil conservation districts in the 11 authorized watersheds in planning and installing watershed improvement measures. Work plans have been developed for 563 subwatersheds covering watershed treatment for approximately 11,900,000 acres or about 40 percent of the 30,102,774 acres in the authorized portions of the 11 watersheds. The work planned thus far indicates that approximately 40 percent of the cost of installation will be borne by local interests and 60 percent by the Federal Government.

The following table lists Works of Improvement which have been accomplished cooperatively by the Soil Conservation Service and local interests:

Measures	Unit	Planned as shown in sub-watershed work plans			Completed		
		In 1952	In Prior Years 4/	To 6-30-52	In 1952	In Prior Years 4/	To 6-30-52
1. Upstream floodwater retarding structures	No.	45 (for retarding of 134,938 acre ft.)	709 (for retarding of 916,807 acre ft.)	754 (for retarding of 1,051,745 acre ft.)	49 (for retarding of 13,348 acre ft.)	63 (for retarding of 24,681 acre ft.)	112 (for retarding of 38,029 acre ft.)
2. Debris basins	No.	689	3,271	3,960	398	1,520	1,918
3. Revegetation (critical flood and silt source areas where vegetative cover provides watershed protection): a. Grasses and legumes	Acres	156,817	500,297	657,114	19,825	173,806	193,631
b. Woody plantings	Acres	22,681	103,601	126,282	7,195	13,140	25,335
4. Waterways and channel stabilization 1/	Miles	392	1,759	2,151	185	316	501
5. Minor waterways and channel improvement	"	36	460	496	22	51	73
6. Diversions	"	21	402	423	12	98	110
7. Gully control	Acres	13,596	56,822	70,418	5,870	15,851	21,721
8. Roadside erosion control 2/	Miles	278	1,784	2,062	337	556	893
9. Terraces	"	392	12,740	13,132	134	1,554	1,688
10. Permanent floodwater and sediment control structures, and culverts and bridges 3/	No.	150	1,608	1,758	174	412	586

1/ Previously reported as "Tributary channel stabilization."
2/ Previously reported as "Roadside runoff and erosion control."
3/ The previous heading "Other minor runoff and sediment detention structures" is being discontinued.
4/ Any corrections of previous data made in this column.

The proper and continued maintenance of installed measures is the key to the long-time effectiveness of watershed improvement programs. Various arrangements are in effect in the authorized watersheds under which local agencies have undertaken this important function. Land owners and operators generally maintain conservation and other measures primarily benefiting the lands upon which they are installed. Local units of government generally maintain measures providing primarily off-site benefits.

For example, in the Buffalo Creek watershed, the Joint Board of Directors of the Erie and Wyoming County Soil Conservation Districts, created by the New York State Legislature in 1949 and authorized to engage in streambank and other maintenance work in the watershed, has assumed responsibility for such work. The legislature also authorized the Board of Supervisors of each of the two counties to appropriate money toward a fund for the maintenance of installed structures. The Wyoming County Board of Supervisors appropriates $1,500 annually and the Erie County Board of Supervisors appropriates $3,500 annually to a revolving fund for the use of the Joint Board in financing this work. The annual appropriations by the two counties are credited to a revolving fund until the fund totals $50,000. As funds are expended for maintenance, the counties may be reimbursed by the State of New York up to one-half of the expenditure.

The maintenance work is administered for the Joint Board by a Streambank Maintenance Committee composed of one Director from the Erie County Soil Conservation District, one Director from the Wyoming County Soil Conservation District and a representative of the Soil Conservation Service acting as a consultant and third member of the committee. This committee inspects the installed measures semi-annually and after severe storms or floods. In each instance it makes a report to the Joint Board on the condition of the installations, what maintenance should be undertaken, how it can be accomplished, and the estimated cost. If the report is approved by the Joint Board the maintenance work is done by contract or with District equipment and after completion vouchers are presented to the Joint Board for payment out of the revolving fund.

Eight and one-half miles of streambank protection measures, completed in work plan Areas #1 and #2 in the headwaters of Buffalo Creek, were turned over to the Joint Board in the summer of 1952 and from then on are to be maintained by it.

Installations which had previously been subjected to several high floods and severe ice conditions stood up very well, indicating that maintenance costs should be moderate.

Most of the flood prevention accomplishments to date in the Little Tallahatchie and Yazoo River watersheds consist of (1) the stabilization of some very critical eroding areas which had been sources of sand and silt that clogged stream channels and spread over valley lands, and (2) the improvement of vegetative cover which will contribute in increasing degree to a reduction in rates of runoff from watersheds and to a reduction in the frequency and duration of overflows.

However, a third phase, the improvement of channel capacity of streams to supplement the work in item (2) above, is now well under way. Two such projects have been completed. One of these projects is on Tippah Creek, a tributary of the Little Tallahatchie River, where during the fiscal year 1951, 8.7 miles of channel improvement measures were installed. The work has reduced flooding and has resulted in immediate notable increases in crop production on the 3,068 acres of protected bottomlands. The total cost was $14,275, of which $11,625 was paid by the Federal Government and $2,650 by the Tippah Drainage District Number 1, which in addition furnished the rights-of-way and assumed responsibility for maintenance.

Arrangements have been completed, as a culmination of several years of educational work and negotiation by the Soil Conservation Service, the Corps of Engineers, and the Tallahatchie River Drainage District, to carry out a coordinated program of improvement of some 28 miles of channel of the Little Tallahatchie River. Under the program, which is covered by a working agreement setting forth the responsibilities of each party, the Corps of Engineers is improving the outlet for the channel on the lands acquired for Sardis Reservoir at an estimated cost of $50,000. The Drainage District is paying approximately $230,000 and the Department approximately $340,000 of the remaining cost. The Drainage District in addition is providing all of the rights-of-way and legal costs, and will maintain the completed project.

A contract was awarded in the fiscal year 1952 as a start on this channel improvement job. Headwater stabilization work has been emphasized prior to that time so that such work would precede the needed improvements in the channel and tributaries.

The overflow conditions in this area are severe. During the 10-year period 1939 through 1950 there occurred 88 overflows, 40 of which were during crop time. An estimated 67 percent of such overflows during crop time will be eliminated after the watershed and channel improvement work is completed, with substantial reductions in the remainder. A total of 18,813 acres of land is directly benefited by the project with estimated benefits of $3.20 for each dollar of cost.

This project will also provide the outlet for a number of additional small projects of similar nature on tributary streams. Already, a drainage district which will comprise the valley land of one tributary stream is in process of organization with the expectation of providing local participation in construction costs and of providing right-of-way and maintenance similar to the other projects described.

Improvement of the 65,000-acre Sandstone Creek subwatershed in the Washita River watershed was essentially completed in the fiscal year 1952. This is the first of the major creek tributaries of the Washita to receive complete treatment. The improvements include on-the-farm land conservation and watercourse stabilizing measures and a system of 24 floodwater retarding structures -- small upstream detention dams costing an average of about $35,000 each.

Cooperative agreements between the farmers and ranchers and the local soil conservation districts cover soil and water conservation plans for 62,000 acres, or 95 percent of the watershed. More than 81 percent of the recommended treatment measures have been applied.

Installed land-treatment measures include cover cropping, strip cropping, range improvement, terraces, stubble mulching, field diversions, and other similar measures designed to retard run-off and prevent erosion.

Easements for the structure sites and flowage areas have been provided by the landowners without cost to the Federal Government.

The combination of land treatment measures and retarding structures is expected to reduce the $60,000 average annual flood damages by about 98 percent. The 4,700 acre flood plain, formerly subject to floodwater and sediment damage, will be protected to such an extent that only 340 acres is expected to be flooded by a storm of the severity expected to occur once in 25 years. Flood plain scour, streambank cutting, over-bank sediment deposition, land damage from severe sheet and gully erosion will be reduced to minimum amounts.

The total benefits are estimated at $2.84 for each dollar of cost.

The system of small waterflow retarding structures makes possible a more intensive use of the bottomlands. Farmers expect to convert such lands, now producing relatively low returns from small grain or pasture because flooding has been so frequent, to high-value alfalfa. The estimated net benefit from this more intensive land use will be more than $11,000 annually.

Of particular interest was the accomplishment of the waterflow retarding structure phase of the program at a final cost slightly in excess of $900,000, which conforms closely with the estimates made in the work plans prepared prior to initiation of construction. This reflects completeness of estimates, as well as effective coordination of work of the landowners, soil conservation district supervisors, and technical personnel. Watershed treatment on Sandstone Creek is typical of the program to be applied generally in the other 63 subwatersheds in the Washita.

PASSENGER MOTOR VEHICLES

The 1954 Budget estimates propose the replacement of eighteen passenger motor vehicles. These vehicles are used by employees of the Forest Service and the Soil Conservation Service engaged in making preliminary examinations and surveys of watersheds and the installation of works of improvement on approved Flood Prevention projects.

The vehicles are assigned to field parties engaged in surveys. Passenger cars, especially station wagons, are superior to pick-up trucks in that a larger crew can be transported and equipment, maps, charts, etc., can be carried more conveniently. Technical specialists engaged in the installation of approved practices on watersheds usually have to travel considerable distance in rural areas where public transportation is inadequate or non-existent and the use of pick-up trucks is not feasible.

All of the cars proposed to be replaced will be beyond the established minimum age limit -- 6 years or older -- and will have been operated 60,000 miles or more.

More detailed information on the conditions and requirements of the use of passenger vehicles may be found in the statements applicable to the Forest Service and the Soil Conservation Service.

SOIL CONSERVATION SERVICE

Purpose Statement

The Soil Conservation Service was established by the Act of April 27, 1935 (16 U.S.C. 590a-590f) and is the agency of the Department which provides technical aid in bringing about physical adjustments in land use that will conserve soil and water resources, establish a permanent and balanced agriculture, and reduce the hazards of floods and sedimentation. The Service carries on the following activities:

1. Makes research investigations which include (a) studies of the effects of land use and conservation treatment upon watershed hydrology and sedimentation of stream channels and reservoirs and methods of water and sediment control, (b) the design and hydraulics of structures, (c) the engineering phases of irrigation and drainage, (d) the organizational aspects of water projects, and (e) the economics of conservation. The work is conducted in cooperation with the respective State Agricultural Experiment Stations and other governmental agencies.

2. Provides technical and other assistance to locally-organized and locally-controlled soil conservation districts and other cooperators in the 48 States and the Territorial possessions, in developing conservation plans and applying planned practices. (As of June 30, 1952, 2,467 conservation districts had been organized. It is estimated that an additional 175 will be organized in 1953 and another 100 in 1954.) This assistance includes (a) the making of soil surveys to determine the capabilities and conservation treatment needs of each acre of farm and ranch land, (b) technical assistance in developing and applying conservation farm and ranch plans which allow for the best possible use by the farmer or rancher of his land, labor, equipment, and financial resources, (c) the loan of some special types of equipment not readily available to the farmer but needed to establish certain conservation practices, (d) the grant of limited quantities of trees, new or improved strains of grass and legume seed, and other conservation plant materials, and (e) stream flow forecasts in the Western States (based on snow surveys) to provide for efficient seasonal utilization of water available.

3. Under the authority of Title III of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011-1012), carries on a development and management program on 70 land utilization projects which cover areas of submarginal land that were acquired by the Department. Revegetation and other development work is being done on these lands in accordance with their use-capability and needs, in order to prevent further damage, achieve proper land use, and improve the agricultural economy of the communities affected. After development, the project lands and facilities are made available to local farmers and ranchers at equitable rates under specific use conditions. Of the revenue received from use of the land, 75 percent is returned to the Federal Treasury and 25 percent is paid to the counties in which the lands are located, to be used for school and road purposes.

The Service is also responsible for settlement of boundary-dispute claims on the Sebastian Martin Grant Lands in New Mexico [Act of August 11, 1945 (7 U.S.C. 1011 note)].

4. Conducts soil surveys to classify and map soils in a national system under standard nomenclature and publishes soil maps and reports. These surveys and reports are for use in recommending soil, water, and crop management practices on individual farms and ranches and in the development of land-use programs of the various Federal and State agencies. A complete land inventory of all the agricultural lands in the nation is the goal. This work is conducted in cooperation with the respective State agricultural experiment stations and other State and Federal agencies.

5. Flood Prevention Activities:

(a) In cooperation with soil conservation districts, flood control organizations, watershed improvement associations, etc., provides technical and other assistance to farmers and ranchers in selected watersheds in planning and establishing an accelerated program of conservation land treatment contributing to flood prevention. This work includes assistance in preparation of subwatershed work plans which integrate the plans for establishing these measures with those for installation of flood prevention works of improvement (measures primarily for flood prevention -- see (b) below); making soil surveys and land capability maps; and providing assistance in preparing conservation, farm, and ranch plans, and installing conservation measures.

(b) Carries out flood prevention activities in areas assigned by the Secretary of Agriculture, under funds allotted from the appropriation "Flood Prevention, Agriculture". These activities consist of surveys of watershed conditions and preparation of reports recommending action to be taken, preparation of detailed subwatershed work plans, and installation of works of improvement such as floodwater retarding structures, stream channel improvement, stabilizing and sediment control measures, diversions, floodways, etc. The improvement measures (measures primarily for flood prevention) are installed in cooperation with local soil conservation districts, flood control, and other organizations. The Service also assists in the preparation of comprehensive plans for the agricultural development of river basin areas.

6. Under the authority of the Acts of May 10, 1939 (53 Stat. 685, 719) October 14, 1940 (U.S.C. 590y-z-10), as amended and supplemented, June 28, 1949 (Public Law 132) and September 6, 1950 (Public Law 760), carries on a water conservation and utilization program. The Service develops irrigated and irrigible land (both Government and privately owned) for efficient use of irrigation water, provides settlement opportunities for veterans and needy farm families through the sale of developed farm units, and during the development and early settlement period assists settlers within the authorized project areas with their soil and water conservation and land-use problems. This work is being conducted on the 5 remaining active project areas in 4 Western States.

The Soil Conservation Service maintains its central office in the District of Columbia, with majority of its activities highly decentralized to seven regional offices, 48 States and 4 territorial offices, 33 research locations, 25 nurseries, 5 water conservation and utilization projects and more than 3,200 area and work unit offices which carry on the technical programs in conservation districts, land utilization projects and watershed flood prevention areas.

As of November 30, 1952, the Soil Conservation Service had 11,525 full-time employees (185 in Washington and the balance in the field) and 2,206 part-time employees who are generally employed in the field during the seasonal periods when there is need for additional assistance in applying conservation practices.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds:		
Salaries and Expenses	a/ $67,610,944	$59,640,000 ~~$65,806,000~~
Water conservation and utilization projects	b/ 457,252	685,000
Total	68,068,196	60,325,000 ~~66,491,000~~

a/ Includes $5,766,930 available from prior year balances for emergency channel restoration in flood-stricken areas.
b/ Includes $31,752 available in 1953 from prior year balances.

Transfers in the 1954 Estimates

Soil Surveys and Soil Research

The 1954 estimates include a net transfer of $116,000 from "Salaries and Expenses, Bureau of Plant Industry, Soils, and Agricultural Engineering, Agricultural Research Administration". This reflects the transfer of activities between the Soil Conservation Service and the Bureau of Plant Industry, Soils, and Agricultural Engineering, as follows:

Activities Transferred	Amount
Transfer of all activities pertaining to the National Cooperative Soil Survey from the Bureau of Plant Industry, Soils, and Agricultural Engineering, ARA, to the Soil Conservation Service	+$1,124,520
Transfer of research activities dealing with soil and crop management, and water management on farms related to crop production, from the Soil Conservation Service to the Bureau of Plant Industry, Soils, and Agricultural Engineering, ARA	-1,008,520
Net transfer to the Soil Conservation Service	+116,000

Transfer of the above activities between the two agencies was effective November 15, 1952, pursuant to Secretary of Agriculture Memorandum No. 1318, to strengthen the scientific work in the fields of soil surveys and soil, crop, and water management research, and improve administration and cooperation with State Experiment Stations and other agencies, clarify responsibilities for research activities and expand the opportunities for better service to farmers.

Flood Prevention

Transfer of $3,190,000 for the fiscal year 1954 from the appropriation "Flood Prevention, Agriculture" for additional technical assistance in order to accelerate land treatment measures contributing to Flood Prevention in 18 selected watersheds. The purpose of this transfer is explained in more detail under the item "Flood Prevention".

Maintenance Costs at Agricultural Research Center

Transfer of $10,800 from "Salaries and Expenses, Office of the Administrator, Agricultural Research Administration" for certain maintenance costs at the Agricultural Research Center, as explained in detail in the statement for Office of Administrator, ARA.

These transfers in the 1954 estimates are summarized in the following table:

Projects	1954 Revised (Exclusive of transfers in estimates)	Transfer for soil survey and soil research work	Transfer from "Flood Prevention"	Transfer from Agricultural Research Administration	1954 Revised Estimate
1. Development and improvement of conservation practices and techniques	$1,684,700	-$1,008,520	- -	+$1,000	$677,180
2. Assistance to soil conservation districts and other cooperators	54,980,500	- -	- -	+9,800	54,990,300
3. Development and management of land utilization projects	1,248,000	- -	- -	- -	1,248,000
4. Additional measures to accelerate flood prevention	- -	- -	+$1,600,000	- -	1,600,000
5. Classification and mapping of soils	- -	+1,124,520	- -	- -	1,124,520
Total, 1954 ...	57,913,200	+116,000	+1,600,000	+10,800	59,640,000

(Revised)

(a) Salaries and Expenses

Appropriation Act, 1953	$60,210,000
Reduction pursuant to Section 411	-6,078
Activities transferred in the 1954 estimates from:	
"Flood prevention, Agriculture" for land treatment measures contributing to flood prevention	+1,513,292
"Salaries and expenses, Bureau of Plant Industry, Soils, and Agricultural Engineering, Agricultural Research Administration" for soil survey activities (net transfer)	+116,000
"Salaries and expenses, Office of Administrator, Agricultural Research Administration" for services at the Agricultural Research Center	+10,800
Base for 1954	61,844,014
Revised Budget Estimate, 1954	59,640,000
Decrease	-2,204,014

NOTE: Although a decrease of $2,204,014 is shown in the appropriation for this item for 1954, it is estimated there will be a decrease of $7,970,944 in total funds available due to the availability of prior year balances of $5,766,930 in the fiscal year 1953 from the funds appropriated for the emergency channel restoration and flood rehabilitation program.

SUMMARY OF INCREASES AND DECREASES, 1954
(On an available funds basis)

Increase to determine irrigation requirements in humid areas and to develop criteria for the planning and design of effective and economical water management and soil stabilization measures for small watersheds	+100,000
Decrease in technical and other assistance to soil conservation districts	-2,390,722
Increase for technical assistance on land treatment measures to accelerate flood prevention in the eleven authorized watershed areas	+86,708
Decrease due to planned completion of emergency channel restoration work authorized by Public Laws 202 (approved October 24, 1951) and 371 (approved June 4, 1952) 82nd Congress	-5,766,930

(Revised)

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
1. Development and improvement of soil conservation practices and techniques	$574,977	$577,180	+$100,000(1)	$677,180
2. Assistance to soil conservation districts and other cooperators	53,842,054	57,381,022	-2,390,722(2)	54,990,300
(a) Planning, application and maintenance of conservation practices	(52,232,482)	(55,681,022)	(-1,115,722)	(54,565,300)
(b) Operation of nurseries for conservation plant material	(1,609,572)	(1,700,000)	(-1,275,000)	(425,000)
3. Development and management of land utilization projects	1,203,440	1,248,000	- -	1,248,000
4. Additional measures to accelerate flood prevention	998,118	1,513,292	+86,708(3)	1,600,000
5. Classification and mapping of soils	1,124,234	1,124,520	- -	1,124,520
6. Emergency channel restoration in flood-stricken areas	1,693,070	5,766,930	-5,766,930(4)	- -
Subtotal	59,435,893	67,610,944	-7,970,944	59,640,000
Unobligated balance	356,583	- -	- -	- -
Total available or estimate	59,792,476	67,610,944	-7,970,944	59,640,000
Transfer in 1954 estimates from:				
"Salaries and expenses, Office of the Administrator, Agricultural Research Administration"	-11,600	-10,800		
"Flood prevention, Agriculture"	-998,118	-1,513,292		
"Salaries and expenses, Bureau of Plant Industry, Soils, and Agricultural Engineering, Agricultural Research Administration"	-114,697	-116,000		

(Revised)

Project	1952	1953 (estimated)
Balance available in 1953	+5,766,930	-5,766,930
Reduction pursuant to Section 411	- -	+6,078
Total appropriation or estimate	64,434,991	60,210,000

INCREASES AND DECREASES

A net decrease of $7,970,944 in this item for 1954 consisting of the following:

(1) An increase of $100,000 for hydrologic studies to determine irrigation requirements in humid areas and to develop criteria for the planning and design of effective and economical water management and soil stabilization measures for small watersheds.

Need for Increase: From 1940 to 1950, land under irrigation in the humid areas of the country expanded from approximately 300,000 to about 800,000 acres. The expansion is continuing. Better information is needed by field technicians on irrigation requirements in humid areas to enable determination for individual farms of the feasibility of supplemental irrigation and the proper design of the irrigation system. Various Federal, State and local agencies have records on temperature, wind, precipitation, frequency and severity of periods of soil moisture deficiency, stream flow, ground water supplies, surface storage, etc.

Funds are needed to gather these hydrologic data, analyze them, and make determinations for agricultural areas in the humid regions of the need for irrigation, the frequency with which soil moisture falls below the requirements for satisfactory crop growth, and the source and adequacy of irrigation water supply.

Additional hydrologic research is urgently needed to provide criteria for the planning and design of watershed works of improvement, such as diversions, floodwater-retarding structures, spillways, chutes, gully stabilization structures, and channel improvements, installed in watershed flood-prevention programs or planned for local groups at the request of soil conservation districts in watersheds of 1 to 100 square miles, the size in which most such installations are made. Such structures must provide adequately for the run-off encountered in different areas of the country which vary considerably with respect to soil, topographic, vegetative, and climatic conditions. More adequate hydrologic data must be developed to assure the safe and economic design of structures.

A considerable amount of basic data on run-off in the size of watershed indicated above, is being accumulated at installations already made under cooperative arrangements with U. S. Geological Survey. Additional funds are needed to provide for some additional installations and for analysis and correlation of data secured with similar data obtained by the Service from smaller watersheds on the various experiment stations and from larger streams by the Geological Survey, Corps of Engineers, and other agencies. These studies would enable development of more adequate design criteria for water and erosion control measures and structures on 1 - 100 square mile watersheds and would provide a correlated basis for cooperative planning of watersheds and major stream improvements such as large dams and levees.

Plan of Work: Supplemental irrigation studies in humid areas would be carried on as a part of the coordinated irrigation research program in the Department. Hydrologic specialists would be employed in Washington and in the field where most hydrologic data and research equipment are available. Needed data would be gathered from all available sources, analyzed, and supplemented by special plot and field tests. The results would be made available immediately to Service technicians and to the research specialists of cooperating agencies conducting other phases of irrigation research.

The research on water management measures would consist of mathematical and statistical studies and correlation of available but unanalyzed hydrologic data obtained from both in-Service and out-side sources. The studies would be carried on at advantageous locations where the most data are determined to be available. The data developed would be made available in handbook form to field technicians of the Service engaged in planning and installing water-control structures and other watershed improvements and to other agencies.

(2) A decrease of $2,390,722 for "Assistance to Soil Conservation Districts and other Cooperators" as follows:

(a) A decrease of $1,115,722 in the general level of farm and ranch conservation planning and land treatment assistance now being provided to soil conservation districts.

Soil Conservation Service activities under this project consist primarily of providing technical assistance in preparing farm and ranch conservation plans and establishing planned conservation practices. It is planned to curtail this work by about 2% in the fiscal year 1954.

(b) A decrease of $1,275,000 for the production and purchase of conservation plant materials for grant to soil conservation districts, leading to the transfer of nursery production activities by June 30, 1954, to State or other local groups which may be interested in maintaining them.

The Service has been operating 24 nurseries to produce grass and legume seed, trees, and other planting stock for grant to soil conservation districts, in order to encourage the establishment of needed vegetative

conservation practices on farms and ranches. It is planned to terminate nursery production activities by the Soil Conservation Service at these nurseries by the end of the fiscal year 1954. In order to provide a continued source of supply of conservation plant materials, it is planned to arrange for turning over the Government-owned nursery sites and facilities to States, soil conservation districts, or other local organizations.

(3) An increase of $86,708 to provide an acceleration of conservation land treatment in designated watersheds in conformity with the recommended programs in the watersheds where flood prevention works of improvement are now being installed.

Need for Increase: Large acreages of agricultural flood plain land along tributary streams and upland watercourses are being damaged frequently by small floods. This damage can be materially reduced and agricultural production increased by a proper combination and concentration of those land treatment and conservation measures that contribute directly to flood prevention. Although many of these measures are now being installed throughout the country on a farm or ranch basis for the purpose of conserving soil and water, adequate national program funds are not available as needed to plan and apply these measures on subwatersheds or creek-size watersheds for the specific purpose of preventing erosion, floodwater and sediment damages. There is a tremendous demand for this type of planning and application as exemplified in the formation of many watershed associations throughout the nation and the rapid increase in requests for assistance in devising means of preventing disastrous flood damages. This increase will permit an acceleration and intensification of the application of conservation measures for flood prevention in balance with other flood prevention efforts in the watersheds authorized under the Flood Control Act of 1944 as follows:

Watershed	1953 (Est.)	1954 (Rev. Est.)	Increase (+) or Decrease (-)
Buffalo Creek	$52,133	$52,000	-$133
Colorado (Middle)	44,173	48,000	+3,827
Coosa	73,235	75,000	+1,765
Little Sioux	56,344	70,000	+13,656
Little Tallahatchie	148,426	157,000	+8,574
Potomac	72,490	73,000	+510
Trinity	605,022	620,000	+14,978
Washita	173,645	185,000	+11,355
Yazoo	287,824	320,000	+32,176
Total	1,513,292	1,600,000	+86,708

Plan of Work: An acceleration of the application of land treatment measures which will aid in flood prevention will be carried on in the watersheds in which work is presently underway, at a rate in keeping with the need for a balanced total program of flood prevention. Within each watershed, sub-watersheds or creek-watersheds will be selected for treatment on the basis of the seriousness of the local flood problem and the desire and the ability of the local people to cooperate in the solution to the flood problem. An overall sub-watershed conservation treatment plan will be developed by technicians and farm owners and operators within each sub-watershed area, rather than just individual farm plans as is the practice

in the regular assistance to soil conservation districts. Where supplemental measures primarily for flood prevention are also called for, the sub-watershed work plan will integrate those measures and the land treatment flood prevention measures so that the optimum flood damage prevention benefits may be obtained. Additional technical specialists, farm planning technicians and aides will be employed to assist local farmers and ranchers within the sub-watersheds to install the conservation measures in accordance with the plans developed for the area.

(4) A decrease of $5,766,930 due to completion of emergency channel restoration work authorized by Public Laws 202 (approved October 24, 1951) and 371 (approved June 3, 1952), 82nd Congress.

Of the total decrease in this item, $273,235 represents the unobligated balance of funds appropriated in the Flood Rehabilitation Act of 1952 (Public Law 202, 82nd Congress) which was continued available in 1953 by Public Law 431, 82nd Congress, to permit completion of planned emergency channel restoration and related rehabilitation work in flood-stricken areas of Illinois, Iowa, Kansas, Missouri, and Nebraska. This work was completed during the first half of the fiscal year 1953. The balance of $5,493,695 is the carry-over of funds appropriated in 1952 by Public Law 371, 82nd Congress, for emergency channel restoration and related flood rehabilitation work in areas designated as disaster areas by the Secretary under Public Law 38, 81st Congress. These funds have been allocated for work in Iowa, Kansas, Minnesota, Montana, Nebraska, North Dakota, South Dakota, and Utah. While the funds are available until December 31, 1953, rehabilitation work is programmed for, and will be completed in the fiscal year 1953, unless prevented by unfavorable weather or other unforeseen emergencies.

Summary of Appropriations, 1953 and Estimates, 1954

Item	Total estimated available, 1953	Budget estimates, 1954	Increase (+) or Decrease (-)
Salaries and expenses, Soil Conservation Service	a/ $67,610,944	$65,806,000	-$1,804,944
Water conservation and utilization projects, Soil Conservation Service	b/ 457,252	685,000	+227,748
Payments due counties, submarginal land program (Farm Tenant Act)	385,000	385,000	- -
Total	68,453,196	66,876,000	-1,577,196
Deduct permanent appropriation: Payments due counties, submarginal land program	385,000	385,000	- -
Total, direct annual appropriation	68,068,196	66,491,000	-1,577,196

a/ Includes $5,766,930 available from prior year balance.
b/ Includes $31,752 available from prior year balance.

Transfers in the 1954 Estimates

Soil Surveys and Soil Research

The 1954 estimates include a net transfer of $116,000 from "Salaries and Expenses, Bureau of Plant Industry, Soils, and Agricultural Engineering, Agricultural Research Administration". This reflects the transfer of activities between the Soil Conservation Service and the Bureau of Plant Industry, Soils, and Agricultural Engineering, as follows:

Activities Transferred	Amount
Transfer of all activities pertaining to the National Cooperative Soil Survey from the Bureau of Plant Industry, Soils, and Agricultural Engineering, ARA, to the Soil Conservation Service	+$1,124,520
Transfer of research activities dealing with soil and crop management, and water management on farms related to crop production, from the Soil Conservation Service to the Bureau of Plant Industry, Soils, and Agricultural Engineering, ARA	+1,008,520
Net transfer to the Soil Conservation Service	+116,000

Transfer of the above activities between the two agencies was effective November 15, 1952, pursuant to Secretary of Agriculture Memorandum No. 1318, to strengthen the scientific work in the fields of soil surveys and soil, crop, and water management research, and improve administration and cooperation with State Experiment Stations and other agencies, clarify responsibilities for research activities and expand the opportunities for better service to farmers.

Flood Prevention

Transfer of $3,190,000 for the fiscal year 1954 from the appropriation "Flood Prevention, Agriculture" for additional technical assistance in order to accelerate land treatment measures contributing to Flood Prevention in 18 selected watersheds. The purpose of this transfer is explained in more detail under the item "Flood Prevention".

Maintenance Costs at Agricultural Research Center

Transfer of $10,800 from "Salaries and Expenses, Office of the Administrator, Agricultural Research Administration" for certain maintenance costs at the Agricultural Research Center, as explained in detail in the statement for Office of Administrator, ARA.

These transfers in the 1954 estimates are summarized in the following table:

Projects	1954 (Exclusive of transfers in estimates)	Transfer for soil survey and soil research work	Transfer from "Flood Prevention"	Transfer from Agricultural Research Administration	1954 Estimate
1. Development and improvement of conservation practices and techniques	$1,784,700	-$1,008,520	- -	+$1,000	$777,180
2. Assistance to soil conservation districts and other cooperators	59,456,500	- -	- -	+9,800	59,466,300
3. Development and management of land utilization projects	1,248,000	- -	- -	- -	1,248,000
4. Additional measures to accelerate flood prevention	- -	- -	+$3,190,000	- -	3,190,000
5. Classification and mapping of soils	- -	+1,124,520	- -	- -	1,124,520
Total, 1954 ..	62,489,200	+116,000	+3,190,000	+10,800	65,806,000

(a) Salaries and Expenses

Appropriation Act, 1953	$60,210,000
Reduction pursuant to Section 411	-6,078
Activities transferred in the 1954 estimates from:	
"Flood prevention, Agriculture" for land treatment measures contributing to flood prevention	+ 1,513,292
"Salaries and expenses, Bureau of Plant Industry, Soils, and Agricultural Engineering, Agricultural Research Administration" for soil survey activities (net transfer)	+116,000
"Salaries and expenses, Office of Administrator, Agricultural Research Administration" for services at the Agricultural Research Center	+10,800
Base for 1954	61,844,014
Budget Estimate, 1954	65,806,000
Increase	+3,961,986

NOTE: Although an increase of $3,961,986 is requested in the appropriation for this item for 1954, it is estimated there will be a decrease of $1,804,944 in total funds available due to the availability of prior year balances of $5,766,930 in the fiscal year 1953 from the funds appropriated for the emergency channel restoration and flood rehabilitation program.

SUMMARY OF INCREASES AND DECREASES, 1954
(On an available funds basis)

To determine irrigation requirements in humid areas and to develop criteria for the planning and design of effective and economical water management and soil stabilization measures for small watersheds	+100,000
For studies of alternative combinations of land use and conservation practices, and determination of likely returns therefrom	+100,000
For technical and other assistance to new conservation districts in planning and establishing soil and water conservation practices	+2,085,278
For technical assistance on land treatment measures to accelerate flood prevention in selected watershed areas ...	+1,676,708
Decrease due to completion in 1953 of emergency channel restoration work authorized by Public Laws 202 (approved October 24, 1951) and 371 (approved June 4, 1952), 82nd Congress	-5,766,930

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 (estimated)
1. Development and improvement of soil conservation practices and techniques	$574,977	$577,180	+$200,000(1)	$777,180
2. Assistance to soil conservation districts and other cooperators	53,842,054	57,381,022	+2,085,278(2)	59,466,300
(a) Planning, application and maintenance of conservation practices	(52,232,482)	(55,681,022)	(2,060,278)	(57,741,300)
(b) Operation of nurseries for conservation plant material	(1,609,572)	(1,700,000)	(+25,000)	(1,725,000)
3. Development and management of land utilization projects	1,203,440	1,248,000	- -	1,248,000
4. Additional measures to accelerate flood prevention	998,118	1,513,292	+1,676,708(3)	3,190,000
5. Classification and mapping of soils	1,124,234	1,124,520	- -	1,124,520
6. Emergency channel restoration in flood-stricken areas	1,693,070	5,766,930	-5,766,930(4)	- -
Subtotal	59,435,893	67,610,944	-1,804,944	65,806,000
Unobligated balance ...	356,583	- -	- -	- -
Total available or estimate	59,792,476	67,610,944	-1,804,944	65,806,000
Transfer in 1954 estimates from: "Salaries and expenses, Office of the Administrator, Agricultural Research Administration"	-11,600	-10,800	.....	

(Continued on next page)

Project	1952	1953 (estimated)
"Flood prevention, Agriculture"	-998,118	-1,513,292
"Salaries and expenses, Bureau of Plant Industry, Soils, and Agricultural Engineering, Agricultural Research Administration"	-114,697	-116,000
Balance available in 1953	+5,766,930	-5,766,930
Reduction pursuant to Section 411	- -	+6,078
Total appropriation or estimate	64,434,991	60,210,000

INCREASES AND DECREASES

A net decrease of $1,804,944 in this item for 1954 consisting of the following:

(1) An increase of $200,000 under the project "Development and improvement of conservation practices and techniques", as follows:

(a) An increase of $100,000 for hydrologic studies to determine irrigation requirements in humid areas and to develop criteria for the planning and design of effective and economical water management and soil stabilization measures for small watersheds.

Need for Increase: From 1940 to 1950, land under irrigation in the humid areas of the country expanded from approximately 300,000 to about 800,000 acres. The expansion is continuing. Better information is needed by field technicians on irrigation requirements in humid areas to enable determination for individual farms of the feasibility of supplemental irrigation and the proper design of the irrigation system. Various Federal, State and local agencies have records on temperature, wind, precipitation, frequency and severity of periods of soil moisture deficiency, stream flow, ground water supplies, surface storage, etc.

Funds are needed to gather these hydrologic data, analyze them, and make determinations for agricultural areas in the humid regions of the need for irrigation, the frequency with which soil moisture falls below the requirements for satisfactory crop growth, and the source and adequacy of irrigation water supply.

Additional hydrologic research is urgently needed to provide criteria for the planning and design of watershed works of improvement, such as diversions, floodwater-retarding structures, spillways, chutes, gully stabilization structures, and channel improvements, installed in watershed flood-prevention programs or planned for local groups at the request of soil conservation districts in watersheds of 1 to 100 square miles, the size in which most such installations are made. Such structures must provide adequately for the run-off encountered in different areas of the country which vary considerably with respect to soil, topographic, vegetative, and climatic conditions. More adequate hydrologic data must be developed to assure the safe and economic design of structures.

A considerable amount of basic data on run-off in the size of watershed indicated above, is being accumulated at installations already made under cooperative arrangements with U. S. Geological Survey. Additional funds are needed to provide for some additional installations and for analysis and correlation of data secured with similar data obtained by the Service from smaller watersheds on the various experiment stations and from larger streams by the Geological Survey, Corps of Engineers, and other agencies. These studies would enable development of more adequate design criteria for water and erosion control measures and structures on 1 - 100 square mile watersheds and would provide a correlated basis for cooperative planning of watersheds and major stream improvements such as large dams and levees.

Plan of Work: Supplemental irrigation studies in humid areas would be carried on as a part of the coordinated irrigation research program in the Department. Hydrologic specialists would be employed in Washington and in the field where most hydrologic data and research equipment are available. Needed data would be gathered from all available sources, analyzed, and supplemented by special plot and field tests. The results would be made available immediately to Service technicians and to the research specialists of cooperating agencies conducting other phases of irrigation research.

The research on water management measures would consist of mathematical and statistical studies and correlation of available but unanalyzed hydrologic data obtained from both in-Service and outside sources. The studies would be carried on at advantageous locations where the most data are determined to be available. The data developed would be made available in handbook form to field technicians of the Service engaged in planning and installing water-control structures and other watershed improvements and to other agencies.

(b) An increase of $100,000 for studies of alternative combinations of land use and conservation practices and determination of likely returns therefrom.

Need for Increase: In many areas of the country there are marked changes taking place in traditional land use and farming customs. An example is the Southeast where a conversion of cotton and corn lands to the production of forage crops, hard-seeded legumes, perennial grasses, and livestock is under way. A general change in type of farming has considerable effect on farm operations including, frequently, adjustments in type of financing. Service technicians, in assisting farmers and ranchers with the development of conservation plans, should be in a position to explain the likely returns -- in terms of meat, milk, wool, cotton, corn, seed, etc., and their value -- that may reasonably be expected from alternative systems of farming while using the land within its capabilities. Farmers need this information in order to make intelligent decisions on the use and treatment of their lands. When they raise questions on comparative production under the different systems that they could practically adopt, often they can only be referred for limited information to farmers in a nearby locality who are operating under conservation plans. In formation on farm and ranch production under various combinations of land use and conservation treatments, usable on a widespread basis, is urgently needed. Studies to develop these data would be undertaken with the funds here requested.

Plan of Work: The studies would be carried on in cooperation with the Bureau of Agricultural Economics and the various State Experiment Stations. Research specialists would be assigned to major conservation problem areas of the country. In some cases contractual arrangements might be made to assist in this work. These specialists would collect operating and production data from farmers or other available sources, analyze it, and develop for each area, factual summaries which will be helpful to Service technicians in their planning work and to farmers and ranchers in reaching decisions on the use and treatment of their lands.

An estimated amount of $30,000, based upon detailed work plans to be prepared, would be advanced to the Bureau of Agricultural Economics to enable that agency to assign economic specialists to this study. Part of the funds would be used either for the employment of economists on a cooperative basis with the State Colleges or for obtaining information needed under contractual arrangements with the States. These Bureau of Agricultural Economics State specialists would work with Soil Conservation Service technicians in the selection of the problem areas to be studied and the farms on which records would be maintained, the analysis of the data secured, and the preparation and presentation of the results of the studies. The studies and the data secured would be correlated with such information as is now available at the State Experiment Stations or which may be secured in the course of other statistical analyses prepared by the Experiment Stations.

(2) An increase of $2,085,278 to provide for technical and other assistance to new conservation districts in planning and establishing soil and water conservation practices at a rate comparable to existing districts.

Need for Increase: The importance and urgency for carrying on an effective nationwide program of soil and water conservation and sound land use is recognized generally. The conservation education programs of the various Federal and State agencies, farm organizations, technical societies, banker, educator, conservation, and other groups, have brought forcefully to the attention of the people of the country, especially farmers and ranchers, the value of conservation farming and the need for organized action to combat waste of the soil and water resources of the nation. Soil Conservation Service activities under this project consist primarily of providing technical assistance in preparing conservation farm plans and establishing planned conservation practices. Other Federal, State, and local agencies and organizations provide effective support through complementary activities.

Soil conservation districts, the local units of Government in cooperation with which most of the work of the Service is carried on, are still being formed by farmers and ranchers at a steady rate. There was some slowing down in the rate of organizing in 1951 and 1952 primarily because technical assistance available from the Service was so limited. However, additional funds for assistance to districts were provided for 1953, thus a pickup in district organization can be expected. As of June 30, 1952, there were 2,467 conservation districts in the United States, its territories, and possessions. It is anticipated that an additional 175 districts will be organized in the fiscal year 1953 and another 100 in the fiscal year 1954. The $2,085,278 increase is to provide funds equivalent to a full-year basis for the 100 new districts expected in 1954 at approximately the same average rate as will be available for assistance to the districts organized as of the close of 1953. It is important that the Service be in a position to render technical assistance to these new conservation districts as soon as they are organized and ready to proceed in carrying out their program responsibilities.

Plan of Work: Technicians and aides would be employed as rapidly as possible after funds are made available and assigned to older operating districts for intensive training. They would then be ready to replace experienced men in these districts who would be assigned to the new districts as they are organized and their programs and work plans are completed. Technical and other assistance would be given to farmers and ranchers, in making soil surveys and land capability maps, in preparing conservation farm plans, and in establishing planned soil and water conservation practices.

(3) An increase of $1,676,708 to provide an acceleration of conservation land treatment in designated watersheds in conformity with the recommended programs in completed survey reports for flood prevention.

Need for Increase: Large acreages of agricultural flood plain land along tributary streams and upland watercourses are being damaged frequently by small floods. This damage can be materially reduced and agricultural production increased by a proper combination and concentration of those land treatment and conservation measures that contribute directly to flood prevention. Although many of these measures are now being installed throughout the country on a farm or ranch basis for the purpose of conserving soil and water, adequate national program funds are not available as needed to plan and apply these measures on subwatersheds or creek-size watersheds for the specific purpose of preventing erosion, floodwater and sediment damages. There is a tremendous demand for this type of planning and application as exemplified in the formation of many watershed associations throughout the nation and the rapid increase in requests for assistance in devising means of preventing disastrous flood damages. This increase will permit an acceleration and intensification of the application of conservation measures for flood prevention in balance with other flood prevention efforts in the watersheds authorized under the Flood Control Act of 1944 as follows:

Watershed	1953(Est.)	1954(Est.)	Increase (+) or Decrease (-)
Buffalo Creek	$52,133	$45,000	-$7,133
Colorado	44,173	85,000	+40,827
Coosa	73,235	150,000	+76,765
Little Sioux	56,344	50,000	-6,344
Little Talahatchie	148,426	157,000	+8,574
Potomac	72,490	228,000	+155,510
Trinity	605,022	700,000	+94,978
Washita	173,645	394,000	+220,355
Yazoo	287,824	429,000	+141,176
Total	1,513,292	2,238,000	+724,708

It will also permit initiation of an accelerated program of conservation land treatment in 7 additional watershed areas that are now suffering high tributary damage. These specific watersheds and the proposed amounts for this purpose for each watershed in 1954 are as follows:

Brazos (Tex.)	$450,000
Delaware (N.Y., N.J., Del., Pa.,Md.)	150,000
Pecos (Tex.,N.M.)	147,000
Savannah (Ga., N.C., S.C.)	80,000
Scioto (Ohio)	50,000
Sny (Ill.)	25,000
South Platte, Upper (Colo.)	50,000
Total	952,000

A reduction in the flood damage in these 18 watersheds will materially increase agricultural production along the upstream flood plains on some of the most productive land in the nation. In addition, the upland areas will be protected from erosion and the volume of sediment reaching and damaging downstream works of improvement will be greatly reduced.

Plan of Work: An acceleration of the application of land treatment measures which will aid in flood prevention will be begun in the above new watershed areas in addition to continuing intensification of conservation treatment in the 11 watersheds in which work is presently underway, at a rate in keeping with the need for a balanced total program of flood prevention. Within each watershed, sub-watersheds or creek-watersheds will be selected for treatment on the basis of the seriousness of the local flood problem and the desire and the ability of the local people to cooperate in the solution to the flood problem. An over-all sub-watershed conservation treatment plan will be developed by technicians and farm owners and operators within each sub-watershed area, rather than just individual farm plans as is the practice in the regular assistance to soil conservation districts. Where supplemental measures primarily for flood prevention are also called for, the sub-watershed work plan will integrate those measures and the land treatment flood prevention measures so that the optimum flood damage prevention benefits may be obtained. Additional technical specialists, farm planning technicians and aides will be employed to assist local farmers and ranchers within the sub-watersheds to install the conservation measures in accordance with the plans developed for the area.

(4) A decrease of $5,766,930 due to completion in 1953 of emergency channel restoration work authorized by Public Laws 202 (approved October 24, 1951) and 371 (approved June 3, 1952), 82nd Congress.

Of the total decrease in this item, $273,235 represents the unobligated balance of funds appropriated in the Flood Rehabilitation Act of 1952 (Public Law 202, 82nd Congress) which was continued available in 1953 by Public Law 431, 82nd Congress, to permit completion of planned emergency channel restoration and related rehabilitation work in flood-stricken areas of Illinois, Iowa, Kansas, Missouri, and Nebraska. This work was completed during the first half of the fiscal year 1953. The balance of $5,493,695 is the carry-over of funds appropriated in 1952 by Public Law 371, 82nd Congress, for emergency channel restoration and related flood rehabilitation work in areas designated as disaster areas by the Secretary under Public Law 38, 81st Congress. These funds have been allocated for work in Iowa, Kansas, Minnesota, Montana, Nebraska, North Dakota, South Dakota, and Utah. While the funds are available until December 31, 1953, rehabilitation work is programmed for, and will be completed in the fiscal year 1953, unless prevented by unfavorable weather or other unforeseen emergencies.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed in brackets):

For necessary expenses for carrying out the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-590f), title III of the Act of July 22, 1937 (7 U.S.C. 1010-1012), and the Act of August
1 11, 1945 (7 U.S.C. 1011 note), including research and investigations into [the character, cause, extent, history, and effects of erosion, soil and moisture depletion, and methods of soil and water conservation (including the construction and hydrologic phases of farm] irrigation, [and land] drainage, and watershed hydrology (including the construction, operation,
2 and maintenance of experimental watersheds, stations, laboratories, plots, and installations); classification and mapping of soils; [making] preparing conservation [surveys and] plans and establishing measures to conserve soil and water (including farm irrigation and land drainage and such special measures as may be necessary to prevent floods and the siltation of reservoirs); * * *

The first change in language deletes the words "the character, cause, extent, history, and effects of erosion, soil and moisture depletion, and methods of soil and water conservation (including the construction and hydrologic phases of farm", and, "and land" and inserts the words "watershed hydrology (including", for the purpose of making the language more descriptive of the research work now being conducted by the Service. Effective November 15, 1952 the research functions of the Service dealing with soil and crop management, and water management on farms related to crop production, were transferred by the Secretary to the Bureau of Plant Industry, Soils, and Agricultural Engineering of the Agricultural Research Administration. This change in language deletes some wording not now applicable to research work of the Service and retains only the wording, with slight variation, that describes the type of studies now carried on by the Service.

The second change inserts the words "classification and mapping of soils" and "preparing", and deletes the words "making" and "surveys and", to describe the soil survey work transferred to the Service by the Secretary effective November 15, 1952. This work was formerly carried on by the Bureau of Plant Industry, Soils, and Agricultural Engineering of the Agricultural Research Administration.

STATUS OF PROGRAM

DECELOPMENT AND IMPROVEMENT OF CONSERVATION PRACTICES AND TECHNIQUES

Current Activities:

Need for Continuous Research Program

The objective of the Soil Conservation Service program of assisting farmers and ranchers to plan and apply conservation is to treat each acre according to its individual needs and use the land in accordance with its capabilities. Newly organized conservation districts which add work areas and problems; new soil, water and land-use problems which arise in normal field operations; and the continually changing needs of agriculture require constant efforts to develop new or improve existing soil and water conservation practices and techniques. Research information is secured from all available sources and is developed in cooperation with other Department and State agencies, such as the Bureau of Plant Industry, Soils, and Agricultural Engineering, Bureau of Agricultural Economics, various State Experiment Stations, etc.

Research investigations being conducted by the Service include:

1. Studies of the design and hydraulics of structures which are used under varied conditions for gully stabilization, run-off retardation, diversions, channel improvements, etc.

2. Studies of the engineering aspects of irrigation and drainage to determine the proper design, construction, and layout of irrigation and drainage systems.

3. Studies of irrigation, drainage and other farmer group enterprises under varying situations, regulations, and laws, to determine the effectiveness of such enterprises in meeting the objective for which they were established.

4. Studies of alternative combinations of land use and conservation treatments and determinations of likely returns therefrom.

Steps in Developing Conservation Practices

Development and improvement of soil and water conservation practices is accomplished by:

1. Laboratory and plot work to develop basic information

2. Experiment Station field scale trials of practices

3. Adaptation and testing of practices for application over extensive areas

The last step is carried out in close cooperation with the "Operations" Staff which is working on the planning and application of conservation practices on the land. Successful practices developed are incorporated into the regular soil and water conservation programs of the Service.

Examples of Recent Progress:

Run-off Control on Small Watersheds

At the Central Great Plains Experimental Watershed near Hastings, Nebraska, records obtained during the extremely heavy rain storms that caused the great flood in the Kansas-Nebraska area in 1951 showed that a watershed of 411 acres with 65 percent of its area under conservation treatment had a peak rate of run-off of 0.87 inch per hour, compared with a peak rate of 1.74 inches per hour from a comparable untreated watershed. The partially-treated watershed also retained 1.89 inches more of the rainfall than the untreated watershed. This particular measurement of water-holding benefits and run-off retardation is a striking example of the results that can be obtained from complete conservation treatment of small watersheds in the Central Great Plains area.

Sedimentation Studies

Sedimentation research in the Yazoo River Watershed shows that gullies in deep sand formation yield sand at an average rate of 2 inches per year from each acre of exposed gully. The use of this rate is now recommended in designing small sediment-detention structures in that area. Tests show that the red-cemented sand or sandy clay for the area erodes about twice as fast as the silty clay top stratum, and that loose sandy material erodes three times as fast as the silty clay.

In cooperation with the U. S. Geological Survey, the U. S. Bureau of Reclamation, and the University of Nebraska, a program has been initiated to study the run-off characteristics and sediment load of streams in relation to rainfall and condition of watershed lands above the Medicine Creek Reservoir in south-central Nebraska. Data are being collected for drainage areas ranging in size from 23 to 680 square miles which, over

a period of years, will provide a basis for determining the effects of conservation measures and watershed treatments upon stream flow and sediment production in the deep loessial soils of the Central Great Plains.

Design for Box Inlet Drop Spillways

At the St. Anthony Falls Hydraulic Laboratory, a hydraulic design of a box inlet drop spillway was developed. A detailed description of the design of this structure was prepared for use by field engineers to enable them to accurately determine the capacity of the spillway either under the free flow conditions usually encountered in gully control work, or under the submerged flow conditions so frequently encountered when the structure is used in drainage work. Accompanying the description and design of the spillway was a design of an outlet for the structure which can be proportioned to adapt it to a wide variety of field conditions, while at the same time adequately protecting the structure itself, the dam, and the downstream channel from scour damage.

Hydraulics of Irrigation

Seepage losses from irrigation canals and storage reservoirs continue to be a difficult problem. Meters developed over past years to measure losses have not proven fully satisfactory. However, special attention is being given to better methods of measuring losses and to the suitability of various materials for canal and reservoir linings. Results to date show that in well drained soils where good aggregate is available locally, concrete linings are the most satisfactory and economical for canals. Compacted earth linings and buried asphaltic linings are effective in reducing seepage losses for a few years, but they deteriorate much more rapidly than concrete. In stopping seepage from reservoirs buried membrance linings are more competitive with concrete.

Sources and Storage of Irrigation Water

Definite progress was made in determining why water soaks in more rapidly in the soils of the water spreading areas of the San Joaquin Valley where cotton gin trash had been applied to the surface and by the growing of burmuda grass. Tests show (1) a considerable portion of cotton gin trash is water soluble and immediately available for decomposition by micro-organisims, (2) decomposition of gin trash is slower than alfalfa but faster than redwood sawdust, (3) during the incubation period, best results were obtained by continuous flooding when the gin trash was used as a mulch and by intermittent flooding when gin trash was incorporated with the soil, and (4) infiltration rates vary in almost direct proportion to the depth of water on the land.

On the basis of the research results, one local irrigation district is now developing 1,000 acres of spreading area and hopes to replenish the ground water of the area at the rate of 30,000 acre-feet per month. Reconnaissance studies were started in two other valleys of California where ground water supplies are being exhausted to determine whether water spreading is feasible.

Drainage of Irrigated Land

The major problem facing irrigated agriculture on about 100,000 acres of irrigable land in the Payette River Valley of Idaho is drainage and reclamation of the valley lands. In cooperation with local interests, research was started this year to develop an over-all drainage plan for the valley. It appears that a combination of open and covered drains, together with drainage wells, will be necessary for complete drainage. Because of the alkalinity of part of the valley soils, some soil amendments may be necessary to neutralize the alkaline condition. However, water from flowing wells in the general area contains appreciable quantities of gypsum, which is very effective to counteract this condition. Consequently, land reclamation may be entirely possible by simply using ground water for leaching purposes.

ASSISTANCE TO SOIL CONSERVATION DISTRICTS AND OTHER COOPERATORS

Current Activities:

The planning and establishment of soil and water conservation measures on farm and ranch lands is generally carried on in cooperation with soil conservation districts. These conservation districts are local units of Government organized under State laws and responsible to the land-owners and operators in the districts and to the State legislatures. They are founded upon the sound principle of local initiative, direction, and control and are formed only in response to the petition and favorable referendum vote of the land owners and operators who are carrying on agricultural operations within the proposed district boundaries. Conservation districts have been organized in all 48 States, Hawaii, Alaska, Puerto Rico, and the Virgin Islands.

The following types of assistance are being furnished to conservation districts in carrying out locally-adapted programs of soil and water conservation:

1. The services of soil scientists who make the necessary physical inventories of the land to secure data (soil type, degree of slope, character and extent of erosion, present land use, etc.) needed to determine the use capabilities and conservation needs of each acre of land.

2. The services of soil conservationists, engineers, and other agricultural specialists and aides who help farmers and ranchers develop and apply individual conservation farm or ranch plans. (Soil and water conservation practices included in such conservation plans allow for the best possible use of the farmer's land, labor, equipment, and financial ability to do conservation farming on his land.)

3. The use of special equipment needed to facilitate establishment of conservation practices but which is of a kind that is beyond the purchase ability of an individual operator or for other reasons not readily available to the farmers and ranchers within the conservation district.

4. The grant of limited quantities of trees, new or improved strains of grass seed, and other plant materials which serve to control erosion and also have economic value.

5. In the Western States, streamflow forecasts -- developed from snow surveys -- which serve as a basis for efficient seasonal utilization of water available for irrigation and other purposes.

In cooperation with other Federal and State agencies, limited assistance is also given to farmers and ranchers outside conservation districts. This assistance develops a better understanding locally of erosion and land-use problems and encourages more widespread adoption of conservation farming methods.

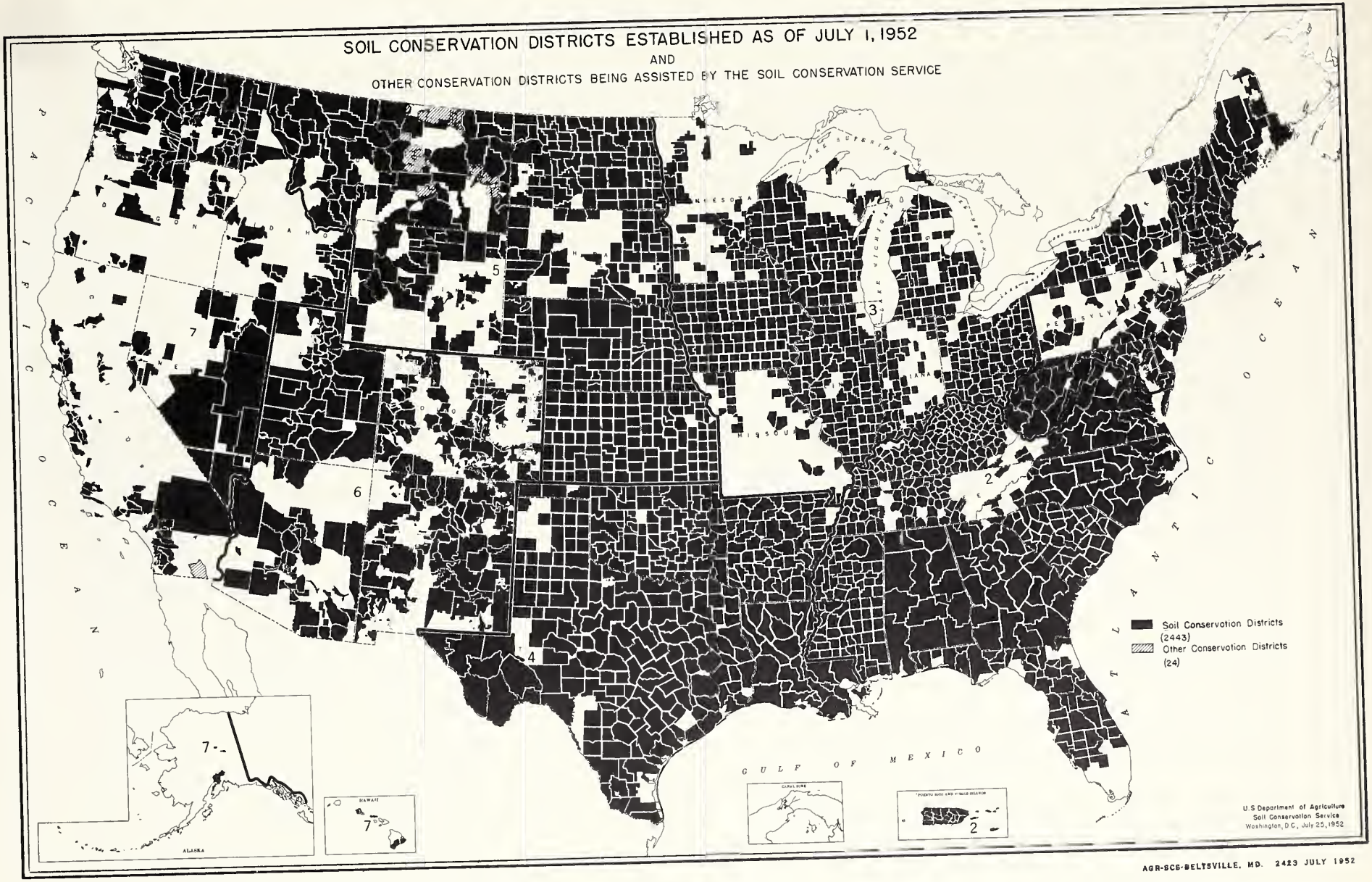
In addition, the Service has the responsibility for the technical phases of permanent types of soil conservation work both within and outside districts, which is undertaken under the Agricultural Conservation Program administered by PMA.

Selected Examples of Recent Progress:

Rate of Organization of Conservation Districts

During the fiscal year 1952 local farmers and ranchers organized 94 new conservation districts and 99 additions to existing districts comprising in all nearly 54 million acres. As of June 30, 1952 the 48 States and territorial possessions, all of which have enacted soil conservation district legislation, had organized a total of 2,467 conservation districts covering an area of over 1 1/3 million acres. Approximately 84 percent of the total farms in the nation are now within the boundaries of organized conservation districts with 11 States and 2 territorial possessions completely covered by such districts. It is anticipated that there will be 175 new districts organized in 1953 and 100 additional districts are forecast for 1954 which will bring the total number to 2,742 with over 93 percent of the nation's farms included within district boundaries.

The attached map shows the conservation districts which had been organised as of July 1, 1952.



AGR-SCS-BELTSVILLE, MD. 2423 JULY 1952

National Interest in Conservation of Soil and Water Resources

The conservation of the soil and water resources of the nation is of concern not only to the farmers and ranchers but to all the people of the Nation. The concern is evidenced by a gradually increasing united effort by many groups (farmers and ranchers, industrial concerns, civic organizations, business and professional men, educators, and others) to create interest in conservation by sponsoring local, State, and National conservation events and recognizing in their own vocations the part conservation plays in the entire economy of the country. The following are some examples:

1. Bankers are recognizing the significance of sound land use and conservation farming as illustrated in a mid-western State where they considered it good business to make loans for conservation treatment purposes. Federal Reserve banks in two States have held field meetings and conducted farm tours for local bankers to study at first hand, soil and water conservation activities.

2. An implement dealer in one State sponsored a large cash award to the farmer in his area who did the best job of conservation farming on his entire farm. A district manager in another State stated that he encouraged his 94 dealers to subscribe to a Conservation Magazine in order to keep abreast of soil conservation developments throughout the country.

3. Air tours were organized in seven States to give farmers and business men an aerial view of good erosion prevention practices and the results of neglect of the land. Over 3,000 persons made the flights. A newspaper with a large circulation in the midwest, has for seven years given 10 awards of $500 each to Soil Conservation Districts doing the best job of putting conservation on the land. It has awarded a total of $35,000 during the seven years. Somewhat similar awards programs are conducted by various newspapers and radio stations throughout the country.

4. The clergy has shown its interest in soil conservation through "National Soil and Soul Sunday" which is sponsored by magazine publishers and cooperating church groups in the South and Southwest, usually in May, where hundreds of churches participate. A similar form of observance occurs in northern States under other names and on varying dates.

5. The Boy Scouts of America have an organized project on soil and water conservation through which they give merit badges for various activities in that field, conduct training institutes on soil and water conservation for scout executives and leaders, and have published a special scout manual on the subject.

6. Equipment manufacturers and an equipment association representing 20,000 dealers, have an organized project to encourage dealers to actively cooperate with soil conservation districts because they recognize the importance of conservation farming to the local and national economy.

Conservation Education

Farmers, ranchers, and others must be made aware of the need, results, and benefits of the soil and water conservation program in order for it to make most effective progress. "Extension" soil conservationists (28 are employed cooperatively by the Soil Conservation Service and the Extension Service) are providing the leadership in educational activities in order to accomplish this objective. Additional assistance during the past year has been provided by individuals, organizations, and institutions as indicated by the following items:

1. To emphasize the importance of conservation education one of the State Agricultural Colleges has been given $30,000 to carry on research in soil conservation, part of which will be used for graduate assistanceships in this field. For the fifth year this agricultural institution will again hold a conservation education summer credit workshop.

2. The State Department of Education in another State conducted a two and one-half day institute, the agricultural section of which dealt with use of natural resources, soil fertility, improved pastures, etc. Interest and scope are exemplified by the average attendance of 125 farmers and housewives.

3. Selection of 105 delegates to a 4-H camp in a mid-western State was based on their demonstrated conservation activities and interest during the year.

4. Church camps in two States carried on a theme of conservation for the 650 students in attendance.

5. Courses in conservation and field tours are being sponsored by grade schools. One county in New England is conducting a soil and water conservation program in 29 schools for all grades. To give a better understanding and fuller appreciation of the value and need of proper land use, 61 tours involving 2,441 students were conducted in a Great Plains State.

6. Several books have recently been released, compiled as guides to school administrators and elementary teachers in introducing techniques and improving existing courses in conservation education throughout the public school systems. A book entitled "The 4-H Story", recently released, was written primarily for more than 186,000 4-H members. One chapter "Conservation Everywhere" gives special attention to soil and water conservation. A national association of teachers, with membership of more than 33,000, has national and regional committees working on the inclusion of soil and water conservation information in special high school courses. This organization is also preparing special outlines and teaching materials for teachers on the subject of soil and water conservation.

Number of Farms and Acreage in Conservation Districts

Date	Number of Districts Organized	Total Acres in Organized Districts	Approximate Acres in Farms	Number of Farms in Districts
Actual				
June 30, 1951	2,373	1,305,110,000	874,036,479	4,886,487
Average per district		549,983	368,325	2,059
June 30, 1952	2,467	1,358,913,420	898,140,478	4,986,576
Average per district		550,836	364,062	2,021
Estimated				
June 30, 1953	2,642	1,450,000,000	960,000,000	5,300,000
Average per district		548,827	363,361	2,006
June 30, 1954	2,742	1,500,000,000	995,000,000	5,500,000
Average per district		547,046	362,874	2,006

Conservation Surveys, Planning and Treatment Accomplishments

Type of Work	Unit	Actual 1952	Cumulative 6/30/52	Estimated 1953	Estimated 1954
Conservation surveys	Acres	37,632,344	410,103,909	47,000,000	59,000,000
Individual farm and ranch plans:					
Basic	Number	86,310	1,086,800	100,000	105,000
Initial and advanced	Number	165,844	a/ 171,630	200,000	220,000
Farm and ranch planning (basic plans)	Acres	22,894,791	298,508,268	26,000,000	29,000,000
Conservation treatment	Acres	27,216,161	162,726,125	30,000,000	30,000,000

a/ Total cooperators who do not yet have a basic conservation plan.

Operation Costs and Accomplishments

Item	Obligations	Accomplishments (Acres)	Cost per acre
Fiscal Year 1952			
Conservation surveys	$3,917,438	37,632,344	$.10
Farm and ranch conservation planning:			
Basic plans	10,289,805 (Est.)	22,894,791	.45
Initial and advanced plans .	3,812,973 (Est.)	- -	- -
Conservation treatment	33,105,776	27,216,161	1.22
Improvement and maintenance of program on farms and ranches .	2,716,091	- -	- -
Total obligations	53,842,083		
Fiscal Year 1953 (Estimated)			
Conservation surveys	4,733,000	47,000,000	.10
Farm and ranch conservation planning:			
Basic plans	10,581,000	26,000,000	.41
Initial and advanced plans .	4,065,000	- -	- -
Conservation treatment	35,113,000	30,000,000	1.17
Improvement and maintenance of program on farms and ranches .	2,895,722	- -	- -
Total obligations	57,387,722		
Fiscal Year 1954 (Estimated)			
Conservation surveys	5,947,000	59,000,000	.10
Farm and ranch conservation planning:			
Basic plans	11,715,000	29,000,000	.40
Initial and advanced plans .	4,341,000	- -	- -
Conservation treatment	34,490,000	30,000,000	1.15
Improvement and maintenance of program on farms and ranches .	2,973,300	- -	- -
Total obligations	59,466,300		

Land Treatment in Conservation Districts

The following table shows some of the major conservation practices that were applied in conservation districts with technical assistance furnished by the Soil Conservation Service:

Name of Practice	Unit	Applied during Fiscal Year 1951	Applied during Fiscal Year 1952	Cumulative to June 30, 1952 1/
Contour farming	Acres	3,185,039	2,910,867	28,601,869
Cover cropping	Acres	2,809,720	3,296,085	19,171,931
Stubble mulching	Acres	6,893,178	6,316,467	47,957,022
Strip cropping	Acres	880,383	805,125	7,370,853
Range and pasture improvement	Acres	11,394,745	9,137,033	77,869,406
Seeding pasture and range	Acres	2,306,365	2,920,412	12,213,204
Woodland management	Acres	3,068,859	2,844,943	18,882,506
Tree planting	Acres	167,435	154,883	931,799
Farm and ranch ponds	Number	37,843	61,578	277,122
Terraces	Miles	78,006	66,853	858,967
Diversion channels	Miles	5,420	5,526	36,568
Farm drainage	Acres	1,173,582	1,314,682	7,545,646
Irrigation land preparation	Acres	384,690	407,851	1,836,923
Improved water application	Acres	616,371	538,373	3,770,108
Field windbreaks	Miles	1,635	1,452	11,371

1/ These data are for first-time application only and do not include duplication of acreage for reapplication or maintenance of those same practices year after year.

Increased Efficiency in Conservation Planning

In order to reach a greater number of farmers and ranchers and to more effectively speed up the planning of conservation practices on farms and ranches, a new farm planning technique has been placed in use by the Service. It has been found that the average farmer initially, will only recognize a part of the soil conservation practices that need to be applied to his land. However, through study of technical data furnished to him and intermittent visits with the soil conservation technician serving his area, he gradually sees the need for a complete conservation plan for his farm. Under this new system, where a farmer expresses a desire to follow proper land use, he signs an agreement with his District Supervisors involving (1) the "initial step" of agreeing to develop a conservation plan, (2) an "advanced step" which includes a conservation guide, and (3) a "complete (basic) conservation plan" for the entire farm. This procedure provides for a systematic follow-up from year to year with the farmers who have made a start by becoming cooperators with their soil conservation district and are carrying out one or more soundly planned conservation practices. They are continuously encouraged to proceed as rapidly as possible toward the development of a basic conservation plan for all their land.

Planned Pollination

Planned pollination is an example of how the Soil Conservation Service has used biology to increase agricultural production and to further conservation practices. In areas where the needs for conservation plants are great, a concentrated effort has been made to have available at the maximum blooming period adequate pollinating insects. Soil conservation districts, using the technical advice of Soil Conservation Service technicians, have worked cooperatively with beekeepers on a rapidly expanding scale. Legume seed increases of more than 100 percent resulting from the use of bees prove the importance of planned pollination. The term "planned pollination", coined at the initiation of this activity by the Service in 1946, has become the common designation for the systematic use of bees as contrasted with accidental or hit-or-miss pollination.

Utilization of Wood Chips

The Soil Conservation Service in cooperation with the Forest Service has provided consultation assistance to industry in the further development of equipment to chip wood. It has also requested State Experiment Stations to do research on the material and encouraged farmers to utilize waste wood in their farming program. A satisfactory multi-purpose portable wood chipper is a recent development. Formerly woodymaterial such as orchard prunings, brush clearing debris, and unmarketable wood from improvement operations in farm woodlands were burned or left to decay in place. These waste products can now be cleared from the land and converted into soil improving material. Using wood chips as agricultural material is a fairly new idea. Sawdust and shavings have been recognized as of value for mulches and bedding. Before chips become a part of the soil they can serve as livestock bedding, poultry litter, or mulches for berry and orchard crops. The high lignin content of wood produces more humus than other forms or organic matter such as

green manures and stubble. Chips when present in the soil, improve tilth, moisture, and aeriation, but require the addition of nitrogen to replace that removed from the soil by microbes that produce wood rotting.

Agronomic Improvements

There is in process in the Southeast an agricultural adjustment from row crops to grasses and legumes that amounts to almost an agricultural revolution. The land in this area has been so seriously depleted through erosion due to the cash-cropping system employed, that yields had declined to the point where it was no longer profitable to cultivate much of the land. Through the activities of Service technicians, cooperating with the respective State Experiment Stations and research agencies of the Department, grasses and legumes adaptable to growing conditions in this area were introduced and widely spread throughout the farms and ranches of the area. As a result, a rapidly growing cattle industry based on forage production, has developed.

On the sandy soils in western Nebraska extreme difficulty has always been experienced in efforts to increase soil stability, due primarily to the low organic matter and soil nitrogen supply. Largely as a result of the efforts of farm planning technicians of the Service, vetch has been introduced into the farming system in this area. Thousands of acres of sandy land are now being planted to Madison vetch, a new variety which is specifically acclimated for rigorous Nebraska conditions. This legume adds nitrogen and organic matter to the soil which stabilizes these sandy lands and makes them less susceptible to erosion. Yields are also increased.

Conservation Plant Material

During the past year the Service operated 24 nurseries for the production of new, improved, or uncommon kinds of grasses or legumes, and for the production of trees and shrubs needed for conservation operations. The planting material produced in these nurseries is granted to districts which in turn make it available in small amounts to district cooperators in order to encourage the establishment of needed vegetative practices on their farms or ranches. Soil conservation district cooperators, in planning protective cover for their lands, are creating such a great need for vegetative planting materials that production sources cannot keep pace with the demand. Considerable planting stock is now being grown in commercial and State nurseries, and by farmers and ranchers themselves. In the Northern Great Plains area the soil conservation districts have organized and established a nursery of their own to supply planting stock to the district cooperators. All of these sources now supply more than 65 percent of the nursery stock used by farmers and ranchers for conservation purposes.

The following table shows actual and planned production, collection, and purchase of planting materials by Soil Conservation Service nurseries for grant to conservation districts:

Item	Unit	F. Y. 1952	F. Y. 1953	F. Y. 1954
Trees, shrubs and other plants	No.	52,000,000	55,000,000	49,600,000
Grass and legume seeds	Lbs.	480,000	500,000	1,500,000

An important part of the work of the Soil Conservation Service nursery personnel continues to be the supplying of technical information to farmers, ranchers, nurserymen, agricultural workers, and seed dealers on the need for planting material for soil conservation work; the necessity of proper source of seed, proper harvesting, handling and storing, and adherence to grading standards in order to supply quality stock.

Through its observational work, the Service nurseries locate, assemble, increase, and distribute plants or seeds of grasses, legumes, and other plants believed useful for conservation planting purposes. It provides for initial evaluation and increase of potentially valuable soil conservation plants and develops appropriate propagation practices for difficult varieties. This program also serves as a medium for exchange of foreign and domestic seed and technical information useful in the propagation and utilization of improved materials for soil conservation. New and uncommon strains of planting materials can thus be introduced into more extensive use for conservation purposes.

Snow Surveys and Water Supply Forecasting

The experience this year throughout the West proved the value of snow surveys and streamflow forecasts in advance planning for maximum use of plentiful water supplies, providing time for protection against spring high water and the operation of systems of storage reservoirs to provide maximum water supplies for irrigation and power and at the same time maximum protection against damaging floods. Snow cover measurements on more than 1,100 snow courses located on the high watersheds of the Western States gave advance warning in February 1952 of an unusually heavy snow cover on practically every watershed in the Western States. On March 1, 1952, there was more water in snow storage than is usually found on April 1. These early measurements of snow cover prompted reservoir regulation to provide flood storage in many areas. The April 1 measurements broke all records, indicating a water content over large areas between 200-300 percent of normal. The April 1 snow cover measurements provided the basis for water supply forecasts at more than 260 stations and over 18,000 copies of these forecasts were issued to agricultural, municipal, industrial, power and other water users. Newspapers carried releases relating to snow cover for two months prior to runoff. This year it was not a question of water shortages. With few exceptions there was ample water everywhere. Irrigated areas were expanded in view of this large potential water supply. Storage reservoirs

of the drouth stricken Southwest began filling. More crops were planted. Advance information relative to water supplies prompted water spreading operations to recharge badly depleted undergrough aquifers in many areas. The major benefit from snow surveys and water supply forecasts in 1952 came through reduced flood damage. This was particularly true where stream channels were cleared and bridge approaches and levees strengthened in advance of flood waters. Irrigation and power reservoirs were also emptied so that they could take the peak off the floods.

Since 1947 the snow course network has been increased about 30 percent and the number of water forecasts 50 percent with approximately the same annual allotment of funds. Snow surveying and streamflow forecasting is a cooperative program. The Federal contribution to this program is only one out of three dollars. Local agencies contribute the balance.

DEVELOPMENT AND MANAGEMENT OF LAND UTILIZATION PROJECTS

Current Activities:

Land Areas Administered

The Service develops and manages 70 submarginal land projects in 30 States and administers the long term leases on 36 other areas which are managed by State agencies. These projects cover 7,270,925 acres, acquired by the Department during the period 1938 to 1942, which had become submarginal or unsuitable for cultivation because of location, severe erosion, natural infertility, loss of productivity through misuse, or other physical factors. Approximately 600,000 acres of land administered by the Service are adapted to forestry development and management, 6,300,000 acres are best suited for grazing purposes and the remainder are suitable for cropping, wildlife, recreation and miscellaneous uses. Revegetation and other development work is being done on these lands in accordance with their use-capability and needs, in order to prevent further damage, achieve proper land use, and improve the agricultural economy of the communities affected. Also included in the work carried on under this appropriation item is the settlement of certain boundary-dispute claims on the Sebastian-Martin Grant Lands in New Mexico.

Land Development

Development work consists of applying erosion control measures, establishing vegetative cover on abandoned crop land, improving and seeding land which is suitable for grazing purposes, developing wells, springs and other stock water facilities, fencing pasture lands, tree planting, constructing roads, firebreaks, trails, lookout towers, telephone lines, and buildings, and occasionally the development of recreation facilities. Much of the land area has been developed and is being made available to local farmers and ranchers at equitable rates under specific use conditions, thereby enabling them to shift to a more sound land-use program on their own land and also produce supplemental income.

Management of Land and Facilities

The management, maintenance, and protection of approximately seven million acres of land requires repair and upkeep of fences, stock water facilities, telephone lines, buildings, etc., handling of permits and leases for use of the land for grazing, haying, cropping and timber harvesting, and patrolling of fire lanes and fire fighting. Recreational facilities are handled through consessionaries' contracts. Much of the grazing lands are leased to grazing associations, soil conservation districts and other local organizations. They in turn assume responsibility for issuance of permits and most management, maintenance and protection functions under rules and regulations established by the Service and in accordance with the terms of management plans developed cooperatively with the Service. There has been no land purchase since 1942 but exchanges of Government-owned land for private land are being made, where such transactions will round out economic operating units for both the Government and private owners.

Seclected Examples of Recent Progress:

Current Developments, Accomplishments, and Workload

Efforts are being concentrated on types of development work which will properly protect the land, provide maximum benefits from their use by local people, and bring maximum cash returns on the Government's investment. Although early completion of the remaining development work is the primary objective, provision must be made annually to carry out an adequate maintenance and management program and thus protect the Government's investment to date.

The following table shows the actual amount of smoe of the more important items of development work completed during the fiscal year 1952, estimated amounts for fiscal years 1953 and 1954, and the estimated balance remaining to be done after June 30, 1954:

Type of Work	Unit	Actual F. Y. 1952	Estimated F.Y. 1953	Estimated F.Y. 1954	Balance to Complete
Seeding range and pasture	Acres	11,790	20,000	25,000	42,740
Seed bed preparation	Acres	9,572	15,000	20,000	24,151
Liming	Acres	1,618	2,000	2,000	14,582
Fertilizing	Acres	2,419	2,500	3,000	23,329
Mowing and brushing	Acres	4,065	4,500	5,000	18,137
Fencing	Miles	585	500	500	372
Stock water source	Number	146	150	150	66
Tree planting	Acres	2,110	2,500	2,500	71,297
Fireguards	Miles	160	150	150	207
Roads and trails	Miles	83	50	75	93
Administrative buildings	Number	3	5	5	17

Use of Land Utilization Project Lands and Facilities

Land Utilization project lands and facilities are made available to local farmers and ranchers at equitable rates under specific use conditions. During the calendar year 1951, 6,894 use permits were issued by the Service or lessees to local farmers and ranchers. The following table shows the four major uses of the land in the calendar years 1950 and 1951:

Calendar Year and Use	Number of Operators Using	Acres Used	Unit Measure of Production
1950			
Grazing	6,156	6,336,916	1,608,690 A.U.M.
Haying	738	-	27,024 tons
Cropping	316	10,981	-
Woodland production	668	-	33,088,809 bd. ft.
1951			
Grazing	5,461	6,308,529	1,698,572 A.U.M.
Haying	450	-	14,028 tons
Cropping	311	16,102	-
Woodland production	672	-	28,590,238 bd. ft.

Revenue Received from Use of Land Utilization Projects

Government collections from Land Utilization project lands administered by the Service amounted to $1,187,267 for the calendar year 1951. Of this amount 25 percent or $296,817 was paid in lieu of taxes to the counties in which the lands were located. The following table shows the types of revenue and the amount received for each, for the calendar years 1950 and 1951:

Type of Revenue	Calendar Year Receipts 1950	1951
Grazing	$622,029	$775,485
Haying	22,899	19,862
Cropping	28,140	37,617
Building occupancy	2,932	4,561
Recreation	28,899	29,307
Mineral royalties	12,347	58,384
Easements	3,764	779
Forest products	279,502	255,344
Salvaged improvements	410	466
Sale of seed	13,520	3,479
Unclassified	6,988	1,983
Total	1,021,430	1,187,267

It is estimated that the Government will collect as revenue from these projects about $1,500,000 for each of the calendar years 1952 and 1953. Payments to counties in lieu of taxes made from this income would amount to about $375,000 each year.

Land Exchanges

General land purchases under the Land Utilization program were discontinued at the close of the fiscal year 1942. No new land purchases are contemplated during either of the fiscal years 1953 or 1954. However, applications continue to be received for the exchange of private lands for Government-owned lands. The following table shows the status of land exchange work:

Item	Cases	Federal Land Released		Private Land Acquired	
		Tracts	Acres	Tracts	Acres
Applications received 1952	50	113	20,101	103	27,860
Applications completed 1952	59	127	23,025	109	28,351
Applications pending 7/1/52	99	256	50,719	214	62,652

Sebastian Martin Boundary Disputes

Settlement of claims to certain so-called Sebastian Martin Grant Lands, now a part of the Grant Lands Land Utilization Project, New Mexico, is also included in the work authorized to be carried on under this appropriation item. Under the provisions of Public Law 179, 79th Congress, the Secretary of Agriculture is authorized to settle disputed claims to these lands. Out of the possible 63 claims known at this time that may develop under Sec.2 of the Act, which authorizes adjusting claims and granting a quitclaim deed for tracts where title is in dispute, a total of 40 parcels involving 212.35 acres have been returned to private ownerships. The remaining 23 parcels comprising 172 acres are now in process of determination as to eligibility for return. Under Section 3 of the Act, which authorizes the sale of lands, 74 tracts comprising 1,508.93 acres have been sold, and applications for sale of 60 additional tracts comprising 1,084 acres are expected. It is anticipated that with the exception of a few problem cases, this part of the program will be completed in the fiscal year 1953.

ADDITIONAL MEASURES TO ACCELERATE FLOOD PREVENTION

Current Activities:

Furnishing additional technical assistance for speeding up the planning and application of conservation measures contributing to flood prevention is an essential supplement to measures installed under the appropriation "Flood Prevention". Such assistance is carried on in designated watersheds in cooperation with local soil conservation districts, flood control organizations, and watershed improvement associations, etc., some of which have been organized for the specific purpose of finding means of preventing flood damages to agricultural lands, urban areas, transportation systems, water supplies and reservoirs.

The work consists of (1) participation in the development of sub-watershed work plans which integrate or coordinate the needs for conservation treatment of watershed lands with the plans for works of improvement primarily for flood prevention on the channels and water courses, and (2) increased technical assistance to the local farmers and ranchers through local organization to accelerate the selection and establishment of sound conservation measures that will increase the water-holding capacity of the watershed lands, retard run-off, and prevent erosion and sedimentation. Approaching the planning and application of measures needed to alleviate the flood problem on a sub-watershed basis provides optimum flood prevention benefits in a much shorter period of time than would be possible on an individual farm or ranch basis.

Recent Progress:

The following table shows some of the major soil and water conservation measures established during the past fiscal year in the 11 watersheds authorized under the Flood Control Act of 1944:

Name of Practice	Unit	1/ Planned	1/ Completed
Grass and Legume seeding	Acres	131,053	18,053
Tree and shrub planting	Acres	19,642	7,190
Diversions	Miles	30	21
Gully control	Acres	13,215	5,870
Terraces	Miles	743	336

1/ Does not include similar measures planned and applied in these watersheds under the activity "Assistance to soil conservation districts and other cooperators".

Benefits from Upland Conservation Treatment

Most of the flood prevention accomplishments to date in the Little Tallahatchie and Yazoo River watersheds, for example, consist of (1) the stabilization of some very critical eroding areas and (2) the improvement of vegetative cover in upland areas. In addition to the benefits from controlling erosion on the uplands, these practices, installed and maintained by the farmer with technical assistance from the Service, have contributed in large measure to alleviating the flood problem downstream. Very significant results have been obtained where widespread application of land treatment in the headwater tributary areas has materially reduced the erosion and sediment damage to the downstream channel improvement works.

CLASSIFICATION AND MAPPING OF SOILS

Current Activities:

Soil surveys are conducted to determine the nature, distribution, extent, and genesis of the different soils in the United States and territories, which will provide farmers, private organizations, and public agencies with data on which recommendations can be based as to suitability of soils for the production of crops, grasses, and trees under alternative systems of management. The soil survey reports and maps furnish data from which land capability groupings, conservation guides, and interpretations as to yield estimates and management requirements may be made.

Laboratory service and basic research in soil genesis is maintained at several strategic locations to provide essential guidance to field men in the recognition of different kinds of soils and the classification of land capability groupings and other interpretations required for individual farm, area, or watershed planning. The information assembled by the soil survey is transcribed to soil survey maps which are published along with a detailed explanatory report.

The soil survey work is closely coordinated with andis partly financed by the respective land-grant colleges or other State agency designated for the purpose. The information which is gathered and published recognizes the needs of these State agencies as well as many Federal agencies, such as the Agricultural Research Administration, Forest Service, Bureau of Reclamation, Geological Survey, Bureau of Indian Affairs, Bureau of Land Management, Tennessee Valley Authority, and similar agencies, which use the maps and information in the development of their respective land-use programs.

Selected Examples of Recent Progress:

Progress on Soil Surveys

Soil surveys were conducted in 32 States during the year ending March 31, 1952. Detailed soil mapping was completed for 4,160,000 acres and reconnaissance surveys were made of 2,688,000 acres. This included some

detailed and reconnaissance surveys of areas proposed for irrigation projects in the Missouri Basin. Ten soil surveys were published, bringing the total number of soil surveys published to 1,607. All surveys were made in cooperation with the State agricultural experiment stations for use in guiding the research, educational and technical assistance programs of the Department and the states. In Florida, a special reconnaissance soil survey was made in cooperation with the Florida Agricultural Experiment Station and the Central and Southern Florida Flood Control District, which provided a large part of the funds, as a basis for the flood control and land development program.

Improvements in Map Compilation

Improved methods for drafting soil maps and other maps for printing have been developed with important savings in time and cost, both to the Department of Agriculture in processing soil maps and to other agencies providing topographic and planimetric maps. The method involves drafting (the inking of) lines by removal of material from a coated surface of glass or plastic, called "scriving" rather than by adding ink as in ordinary drafting.

Soil Surveys Used By Engineers

The growing recognition of the value of soil surveys to construction engineers, especially for highway construction, is reflected by the number of requests for soil maps and reports. The classification of soil materials by engineers places major emphasis on grain-size distribution, with some consideration given to plasticity. To make soil surveys more useful to engineers in the future, an agreement was developed with the Bureau of Public Roads which provides that soil samples will be collected by field parties in areas being mapped in the National Soil Survey, and sent to the laboratories of the Bureau of Public Roads, for making certain engineering tests. Reports on the tests will be made available to the Soil Survey for inclusion in published soil survey reports.

EMERGENCY CHANNEL RESTORATION IN FLOOD STRICKEN AREAS

Current Activities:

Work under this project is being carried on with funds provided by Public Law 202, 82nd Congress, approved October 24, 1951 and by Public Law 371, 82nd Congress, approved June 4, 1952, for emergency flood rehabilitation work in the Kansas and Missouri River, Upper Mississippi and Utah flood stricken areas. Activities are limited specifically to areas designated as disaster areas by the Secretary under Public Law 38, 81st Congress, approved April 6, 1949. The work of restoring the channel capacity of streams impaired by disastrous flood, and related rehabilitation measures, consists primarily of:

1. Removing debris and sediment plugs from stream channels.
2. Clearing and reconstructing irrigation canals, drainage ditches, headgates and outlets serving more than one farm.

3. Protection of stream banks to prevent changes in stream courses.
4. Construction of levees, dikes and barriers to close cut-offs.
5. Construction of channel stabilization structures in grassed waterways to arrest the headward growth of gullies and valley trenches formed by the flood waters.

Selected Examples of Recent Progress:

This work is being carried on through contractual arrangements with owners of heavy earth-moving machinery.

The Service has worked through the Soil Conservation District governing bodies in determining the specific areas where channel restoration and related rehabilitation measures are required to restore the carrying capacity of the streams, irrigation ditches and drains. These district supervisors have also secured the necessary easements from the owners and operators of the lands adjoining the streams or water distribution and drainage systems to assure that the contractor and his employees may have ingress and egress to the site of operations, and may carry on the work to completion without interruption. Technicians of the Service provide the technical assistance in engineering, agronomy, soils and related technical fields, to assist the local farmers and district supervisors to complete the rehabilitation program.

The following table shows some of the major types of work accomplished through June 30, 1952:

Type of Work	Unit	Cumulative to 6/30/52
Removal of debris and sediment plugs	Miles	765
Removal of debris and sediment plugs	Cu. Yds.	81,760
Clean and reconstruct drains and irrigation ditches	Miles	151
Clean and reconsturct drains and irrigation ditches	Cu. Yds.	1,074,058
Construct levees, dikes and barriers	Cu. Yds.	306,762
Farms benefitted	Number	3,385
Farms benefitted	Acres	321,842

(b) Water Conservation and Utilization Projects

Appropriation Act, 1953	$235,500
Supplemental Appropriation Act, 1953 (for accelerating work on the Angostura Project)	190,000
Total available, 1953, and base for 1954	425,500
Budget Estimate, 1954	685,000
Increase	+259,500

Note: Although an increase of $259,500 is requested in the appropriation for this item for 1954, it is estimated that there will be an increase of only $227,748 in total funds available due to the availability of prior year balances of $31,752 in the fiscal year 1953.

SUMMARY OF INCREASES AND DECREASES, 1954
(On an available funds basis)

Increase to begin full-scale land levelling and related irrigation work on the Eden Valley project in Wyoming	+258,015
Decrease due to reduction in level of operations on the Buffalo Rapids I and Buffalo Rapids II projects in Montana, and completion of the Buford-Trenton project in North Dakota	-30,267

PROJECT STATEMENT
(On an available funds basis)

Project	1952	1953 (estimated)	Increase or Decrease	1954 (estimated)
1. Land development	$299,792	$411,738	+$227,748	$639,486
2. Land management, settlement, and technical guidance	33,341	45,514	- -	45,514
3. Land acquisition	24,708	- -	- -	- -
Subtotal	357,841	457,252	+227,748	685,000
Unobligated balance	31,752	- -	- -	- -
Total available or estimate	389,593	457,252	+227,748(1)	685,000
1951 balance available in 1952	-154,093	- -		
1952 balance available in 1953	- -	-31,752		
Total appropriation or estimate	235,500	425,500		

INCREASES AND DECREASES

(1) A net increase of $227,748 consisting of:

(a) An increase of $258,015 to begin full-scale land levelling and related irrigation work on the Eden Valley project in Wyoming.

There have been a number of reasons for the delay of development work on the Eden Valley project in Wyoming. The primary one is the delay in completion of the new storage reservoir by the Bureau of Reclamation, which will provide additional water for the project area and enable bringing new land under irrigation. It is expected now that irrigation water will be available from the new water storage facility by June of 1953. Another factor which has delayed project activity in preparing for full-scale development operations has been the land-ownership pattern. In addition to private land, the project included Government-owned land, land owned by the Wyoming Rural Rehabilitation Corporation but administered in trust by the Secretary of Agriculture, and land owned jointly by the Government and the corporation. Dissolution of the joint investment in certain tracts was required by the Rural Rehabilitation Corporation Trust Liquidation Act of May 3, 1950 (P. L. 499, 81st Congress). Dissolution action has been completed and options taken to purchase all project lands owned by the corporation which are necessary to the success of the project. This will place all except privately-owned tracts in the project in Government ownership and clear the way to proceed with authorized development of the project. The project has been on a semi-maintenance basis since 1951. Recent work has consisted primarily of preparation of development plans, engineering surveys, development of facilities for repairing equipment and housing personnel, and levelling of privately-owned farm units. Additional funds are needed to permit beginning full-scale development operations in 1954. If operations are carried on at the scale planned, the project will be completed and all developed farm units sold by the close of 1957.

Plan of Work: Work will be done by force account. There has been assembled at the project site the necessary heavy earth-moving and land-levelling equipment and most of the other equipment needed to carry out this work. Project facilities are available for repair and maintenance of equipment. Additional engineers, aides, and equipment operators will be employed to provide the staff necessary to carry on full-scale land-levelling and related irrigation development work.

(b) A decrease of $30,267 due to reduced operations on the Buffalo Rapids I ($1,033 and Buffalo Rapids II ($15,842) projects in Montana and the completion of the Buford-Trenton project in North Dakota ($12,392).

Essential drainage facilities on Buffalo Rapids I, Montana, will be completed by the Bureau of Reclamation in 1953. This will enable sale of the remaining farm units in 1954. Development work on Buffalo Rapids II, Montana, held up because of unavailability of irrigation water on a part of the project, will be resumed in 1953 and completed and all farm units sold by the end of 1954.

The Buford-Trenton project, North Dakota, will be completed and all farms sold by the close of 1953.

Estimated Obligations by Project, 1953 and 1954

The following table shows, by project, the estimated obligations to be incurred in the fiscal years 1953 and 1954 under this program:

Project	Estimated F.Y. 1953	Estimated F.Y. 1954	Balance Needed to Complete
Angostura, South Dakota	$285,000	$285,000	$125,373
Buffalo Rapids I, Montana	8,427	7,394	- -
Buffalo Rapids II, Montana	34,433	17,591	- -
Buford-Trenton, North Dakota	12,392	- -	- -
Eden Valley, Wyoming	48,000	306,015	746,627
Total direct project costs	388,252	616,000	872,000
General administration	69,000	69,000	162,000
Total Estimate	457,252	685,000	1,034,000

Work on the Angostura project is to continue at the same level in 1954 as in 1953. A considerable part of the current duties of the small resident staff handling the work of Buffalo Rapids I and II is the sale of mineral rights on the projects as directed by Public Law 760, 81st Congress. On the basis of the 1954 Budget Estimate and current plans, all work under this item would be completed and all developed farm units in all of the projects sold by the end of the fiscal year 1957.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language, as follows (new language underscored; deleted matter enclosed in brackets):

For expenses necessary to carry into effect the functions of the Department under the Acts of May 10, 1939 (53 Stat. 685, 719), October 14, 1940 (16 U.S.C. 590y-z-10), as amended and supplemented, June 23, 1949 (Public Law 132), and September 6, 1950
1. (/Public Law 760)/ 7 U.S.C. 1033-1039), relating to water conservation and utilization projects, to remain available until expended, /$235,500/ $685,000, which sum shall be merged with the unexpended
2. balances of funds heretofore appropriated /or transferred/ to said Department for the purposes of said /Act/ Acts.

The first change in language is for the purpose of substituting the United States Code citation in lieu of the public law reference.

The second proposed change in language deletes the words "or transferred" since this wording refers to funds transferred to this item from the Department of Interior pursuant to the Act of October 14, 1940. The funds which were transferred have been completely expended, therefore retention of the language is no longer necessary.

The third change in language merely makes plural the word "Act" since funds are now provided under this appropriation to administer several acts currently cited in the language, that are applicable to the water conservation and utilization projects.

STATUS OF PROGRAM

Current Activities:

The Water Conservation and Utilization (Wheeler-Case) program is carried on cooperatively with the Bureau of Reclamation which has as its responsibility the construction of the primary water supply features such as dams, reservoirs and principal canals. The Soil Conservation Service is responsible for developing irrigated and irrigable project lands for efficient application and use of irrigation water; with providing settlement opportunities for farm families and veterans; and with securing efficient land use and conservation of soil and water resources on the farms developed.

Land Development

Extensive land prepartion is essential to the changing of dry farm and range land to a well designed and constructed system of irrigation farming which will prevent waste of soil and water resources and permit maximum use of available irrigation water. Development of irrigable land includes such activities as making detailed land classification and topographic surveys, clearing and leveling land, subdividing land into economic-sized units, and the construction of farm ditches, laterals, drains, and other water control structures.

Land Management, Settlement, and Technical Guidance

This work consists of the protection and management of Government-owned or controlled lands and facilities and leasing of the farming units under specific use conditions, prior to development and disposal to private farmers. As project lands are developed they are sold to qualified farm settlers selected by a local advisory board. The selling price of the completed farm unit is based on the earning power of the land and is calculated to return to the Federal Treasury an amount not less than the reimbursable cost of development with interest at 3 percent over a 40-year amortization period. Technical guidance, to insure efficient irrigation and conservation farming methods, is furnished to operators of both the Government-owned and the privately-owned lands within the project area.

Recent Progress:

Of the 19 water conservation and utilization projects originally authorized for development, under the 1940 Department of the Interior Appropriation Act and the "Wheeler-Case" Act of October 14, 1940 as amended, 8 are completed, 1 is scheduled for completion in 1953, 2 in 1954, 1 in 1955 and 1 in 1957. The remaining 6 projects are inactive due to inflationary land prices and other changes since they were authorized.

Status of Land Development and Farm Sales

Project	Date Authorized	Irrigable Acreage	Percent Development Completed 6/30/52	Federally-Owned Tracts c/ Total Number	Number Sold thru 6/30/52
Angostura	March 6, 1941	16,180	24.	105	-
Bitterroot	March 22, 1944	18,630	8. b/	-	-
Buffalo Rapids I	May 15, 1940	14,507	99.	95	88
Buffalo Rapids II	May 15, 1940	10,400	99.	113	105
Buford-Trenton ..	Sept. 23, 1939	14,729	98.	135	134
Dodson a/	March 17, 1944	1,200	100.	-	-
Eden Valley.....	Sept. 18, 1940	20,000	17.	- d/	-
Intake a/	Jan. 20, 1944	825	99. b/	-	-
Mancos	Oct. 24, 1940	10,000	54. b/	2	2
Mirage Flats	March 30, 1940	12,000	100.	111	111
Missoula a/	May 10, 1944	900	100.	-	-
Newton a/	Oct. 17, 1940	2,225	100.	-	-
Post Falls	Jan. 29, 1944	3,260	90. b/	17	17
Rapid Valley	Nov. 8, 1939	12,000	- b/	-	-
Scofield a/.....	May 24, 1943	12,500	30 b/	-	-

a/ Projects include no Federally-owned land.
b/ Projects closed, no further development work contemplated.
c/ In addition there are privately-owned lands within a number of projects on which development work is done.
d/ Total number of tracts not yet determined since the subdivision pattern has not been completed.

Development Accomplishments and Work Load

The following table shows some of the more important items of development work planned, the amount completed to date, and the amount remaining to be done:

Item	Unit	Total Development Planned	Accomplished to 6/30/52	Remaining to be done 7/1/52
Topographic surveys ...	Acre	181,917	161,388	20,529
Land classification....	Acre	223,014	194,089	28,925
Unit subdivisions	No.	553	550	3
Clearing	Acre	36,804	23,388	13,416
Leveling	Acre	113,843	51,707	62,136
Farm laterals	Mile	1,980	719	1,261
Farm drains	Mile	560	322	238
Farm Irrig. structures	No.	15,791	6,251	9,540

WCU Project Authorizations and Obligations through 6/30/52

Project Name	Present Project Authorization	Obligations through June 30, 1952			
		"Wheeler-Case" Funds	"Great Plains" Funds	Contributed Funds	Total
Angostura	$1,484,000	$788,627	-	-	$788,627
Balmorhea	569,000	-	-	-	-
Bismarck	None	-	-	-	-
Bitterroot	752,000	167,811	-	-	167,811
Buffalo Rapids I	743,770	93,774	$210,000	$424,175	727,949
Buffalo Rapids II	810,812	273,490	345,000	139,608	758,098
Buford-Trenton	1,094,000	53,812	762,958	264,838	1,081,608
Dodson	84,000	51,485	-	-	51,485
Eden Valley	1,529,000	268,702	154,595	5,061	428,358
Intake	41,000	20,817	-	-	20,817
Mancos	473,000	366,879	-	-	366,879
Mann Creek	None	-	-	-	-
Mirage Flats	687,300	479,157	170,000	36,837	685,994
Missoula	133,000	65,297	-	-	65,297
Newton	75,500	74,230	-	-	74,230
Post Falls	196,000	196,572a/	-	-	196,572a/
Rapid Valley	170,000	7,117	15,042	-	22,159
Saco Divide	480,000	-	405	-	405
Scofield	350,000	119,531	-	12,200	131,731
Total direct project costs	9,672,382	3,027,301	1,658,000	882,719	5,568,020
Project investigations and surveys	-	233,473	-	-	233,473
General Administration:					
Farm Security Administration	-	349,091	-	-	349,091
Office of Production	-	4,137	-	-	4,137
Office of the Solicitor	-	59,957	-	-	59,957
Soil Conservation Service	-	660,355	-	-	660,355
Total obligations through 6/30/52	-	4,334,314	1,658,000	882,719	6,875,033

a/ Net obligations after deduction of residual value of equipment is $186,750.

(c) Land Utilization Projects

This item provides for the reconstruction of the spillway on the Greenleaf Lake dam in the Cookson Hills Land Utilization Project in Oklahoma. The 1952 Appropriation Act contained a provision which continued, until expended, not to exceed $265,000 of the funds appropriated for fiscal year 1951 for the development of land utilization projects. An agreement was entered into with the Corps of Engineers, Department of the Army, to include this work as a part of its larger program of development of Greenleaf Lake, and the funds were made available to that Department by advance working fund. During the fiscal year 1952, $169,502 of the amount advanced was obligated by the Corps of Engineers and the balance of $95,498 is scheduled for obligation in 1953.

(d) Payments Due Counties

Estimated appropriation 1953 and base for 1954	$385,000
Revised Budget Estimate, 1954	412,500
Increase, Revised Budget Estimate Compared with Base	+27,500

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
Payments Due Counties	$309,258	$385,000	+$27,500	$412,500

This item covers obligations for the payment to counties of 25 percent of the net revenues received each calendar year from the use of lands administered by the Secretary, under the provisions of Title III of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937. The increase of $27,500 in the 1954 revised estimate results from an expected increase in revenue from the sale of mineral interests, 25 percent of which will be transferred to this appropriation for return to the counties to be used for road and school purposes.

(c) Land Utilization Projects

This item provides for the reconstruction of the spillway on the Greenleaf Lake dam in the Cookson Hills Land Utilization Project in Oklahoma. The 1952 Appropriation Act contained a provision which continued, until expended, not to exceed $265,000 of the funds appropriated for fiscal year 1951 for the development of land utilization projects. An agreement was entered into with the Corps of Engineers, Department of the Army, to include this work as a part of its larger program of development of Greenleaf Lake, and the funds were made available to that Department by advance working fund. During the fiscal year 1952 $169,502 of the amount advanced was obligated by the Corps of Engineers and the balance of $95,498 is scheduled for obligation in 1953.

(d) Payments Due Counties, Submarginal Land Program, Farm Tenant Act (Permanent Appropriation)

This item covers obligations for the payment to counties of 25 percent of the net revenues received each calendar year from the use of lands administered by the Secretary, under the provisions of Title III of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937, as follows:

Item	Actual, 1952	Estimated, 1953	Estimated, 1954
Payments due counties	$309,258	$385,000	$385,000

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations 1954
Flood Prevention, Agriculture (Soil Conservation Service):			
For preliminary examinations and surveys	$958,514	$345,042	$407,000
For measures primarily for flood prevention (works of improvement).....	3,112,180	4,624,077	12,303,000
For general basin investigations in the Arkansas-White-Red River, Colorado River and New York-New England Areas	68,852	47,000	156,500
Total, Flood Prevention	4,139,546	5,016,119	12,866,500
Construction, Water Conservation and Utility Projects, (Agriculture, Soil Conservation Service):			
For land development on water conservation and utility projects	19,596	--	--
Conservation and Use of Agricultural Land Resources, Production and Marketing Administration, (Soil Conservation Service):			
Farm land restoration in flood-stricken areas	382,920	814,080	--

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Working Funds, Agriculture, Soil Conservation Service, Advanced from:			
Department of Interior:			
Bureau of Reclamation, for the establishment and measurement of additional snow courses ...	21,092	18,145	--
Bonneville Power Administration, for expansion of the snow survey program in the Columbia River Basin	1,600	1,725	--
Total, Department of the Interior	22,692	19,870	--
Department of Defense, Department of the Army:			
Corps of Engineers, for conducting a snow survey program in the Boise River Basin	3,984	4,000	--
Corps of Engineers, for the production and delivery of grass seed for the McNary Dam Project	3,499	--	--
Total, Department of Defense, Department of the Army	7,483	4,000	--
Total, Working Funds, Agriculture, Soil Conservation Service.....	30,175	23,870	--
Working Funds, Agriculture, General (Soil Conservation Service) Advanced from:			
Department of Interior:			
Bureau of Reclamation for studies in connection with the development of an evaluation of the agricultural repayment feasibility of the Weber Basin Reclamation Project, Utah	368	--	--

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Department of Defense, Department of the Army:			
Corps of Engineers, for preparation of strategic maps and map material	1,099	--	--
Corps of Engineers, for conducting a special snow survey in the Columbia River Basin	934	--	--
Total, Department of Defense, Department of the Army	2,033	--	--
Department of Defense, Department of the Air Force:			
For execution of mosaic compilation and miscellaneous photographic reproductions ...	301,950	396,000	--
Department of State:			
For administrative expense requirements in connection with Point IV programs	--	6,700	--
Total, Working Funds, Agriculture, General	304,351	402,700	--
Operation and Maintenance, Water Distribution Systems, Water Conservation and Utilization Projects (Trust Fund):			
For receipts for operation and maintenance expenses of the Wyoming Rural Rehabilitation Corporation's water distribution system in the Eden Valley Wyoming water conservation and utilization project (40 U.S.C. 431-434)	8,471	10,100	9,145

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations 1954
Payments in Lieu of Taxes, and Operation and Maintenance Costs, Water Conservation and Utilization Projects (Trust Fund):			
For receipts from land leases for payments in lieu of taxes to States, political subdivisions thereof, and local taxing units, and for operation and maintenance expenses of the resettlement features of certain water conservation and utilization projects (40 U.S.C. 431-434)	32,160	114,877	34,600
Technical Services and Other Assistance, Agricultural Conservation Program, Soil Conservation Service (Trust Fund):			
For providing technical and other assistance to farmers and ranchers in participating counties pursuant to agreements with individual Production and Marketing Administration State and County committees	753,505	2,500,000	2,800,000
Miscellaneous Contributed Funds, Department of Agriculture (Soil Conservation Service) Trust Funds deposited by cooperating agencies, as follows:			
1. For flood control works of improvement on the Los Angeles watershed	383,456	203,589	200,000
2. For making land-capability surveys and preparing land-capability maps of McCracken County, Kentucky	3,606	885	--
3. For cooperation with the Central and Southern Florida Flood Control District on water control in the Everglades area	10,147	11,578	11,500

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations 1954
4. For cooperation with the San Antonio River Canal and Conservancy District on a survey of the San Antonio River watershed	50,488	24,512	--
5. For carrying out a program of investigation and research covering eradication or control of noxious brush and trees in cooperation with the Flying Farmers Foundation, Inc.	1,250	1,250	1,250
6. For cooperation with the Hickahala Creek Drainage District in carrying out works of improvement in the aid of flood control in the Yazoo River watershed	9,622	378	--
7. For cooperation with the Weber Basin Water Conservancy District in conducting snow surveys and water supply forecasts in the Weber River Basin	1,545	2,140	2,140
8. For cooperation with the Soldier-Maple Valley Soil Conservation District on emergency channel restoration work in Monona County, Iowa, to repair damages caused by flood runoff during the year 1951 ...	1,000	--	--
9. For a cooperative drainage investigation in the Payette Valley, Gem County, Idaho	--	1,000	1,000
10. For cooperative works of improvement for runoff and water-flow retardation and soil erosion prevention in the Little Tallahatchie River watershed	--	215,000	--
Total, Miscellaneous Contributed Funds, Department of Agriculture	461,114	460,332	215,890

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Operation and Maintenance, Bureau of Reclamation (Allocation to Agriculture) (Soil Conservation Service):			
For research and engineering investigations relating to irrigation and drainage in reclamation areas	--	--	130,000
For soil surveys, preparation of land-use capability maps, and technical assistance to farmers in reclamation areas in planning and laying out proper irrigation and farm drainage systems and establishing conservation practices	--	--	420,000
Total	--	--	550,000
Mutual Security (Allocation to Agriculture) (Soil Conservation Service):			
For administrative expenses in connection with comprehensive training of foreign technicians in the principles and practices of soil and water conservation and proper land use	15,698	17,026	--
Obligations under reimbursements from Governmental and other sources:			
Salaries and Expenses, Soil Conservation Service:			
Sale of cartographic reproductions, cooperative projects with State agencies, sale of nursery stock, detail of personnel to other Federal agencies, sale of equipment and accessories for which the proceeds are used to purchase similar items, etc.	815,332	989,432	1,046,400

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Mutual Security (Allocation to Agriculture)	4	--	--
Water Conservation and Utilization Projects	9,502	--	--
Flood Prevention, Agriculture	21,395	47,000	29,500
Total	846,233	1,036,432	1,075,900
TOTAL OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	6,993,769	10,395,536	17,552,035

PASSENGER MOTOR VEHICLES

The estimates for 1954 for the appropriation "Salaries and Expenses, Soil Conservation Service" includes the scheduled replacement of 245 passenger motor vehicles during the fiscal year. These vehicles will replace a similar number of vehicles now in use. The Service authorizes the use of passenger motor vehicles for area conservationists, technical specialist, survey supervisors, research project and nursery technicians and State and regional office personnel in areas where public transportation is inadequate or nonexistent, or for types of travel where considerable distances are involved and the use of pickup trucks or public transportation is not feasible. Much of the use of these passenger cars is for transportation of personnel to several locations in a single day where frequent stops are made to examine field work in progress or to discuss with resident technicians at isolated points the program of soil conservation being conducted in the area. Because of the nature of this travel, the frequency of the stops, and the fact that common carrier facilities do not serve the rural areas, it is impossible to use other means of transportation.

It is estimated that the 245 passenger motor vehicles will cost $269,500 after applying the trade-in value of a similar number of old vehicles. The vehicles being replaced will all be well within the acceptable stanards of 60,000 miles or 6 years established by the Bureau of the Budget. Many of these vehicles have reached such an age and mileage that they are now uneconomical to operate. Also, due to the normal deterioration of the the vehicles, it is necessary to have them out of use excessively for repairs.

The total number of passenger vehicles operated by the Soil Conservation Service on June 30, 1952 was 1,315. Of this number only one vehicle is used in Washington, D. C. The balance are distributed among seven (7) regional offices, fifty-one (51) State and territorial offices, thirty-three (33) research locations, twenty-five (25) nurseries, approximately 325 area offices, and various technical specialists located at State Colleges and other field headquarters. The travel of resident technicians serving the soil conservation districts to field areas to perform engineering work, conduct surveys, lay out conservation plans or to prepare plans with the farmers and ranchers is performed by pickup trucks.

The policy of the Soil Conservation Service, based on past years' experience in operating passenger motor vehicles, is to replace one-seventh of the total number each year since this would permit replacement of vehicles which have reached seven years of age and have been driven approximately 70,000 miles. However, this procedure is governed largely by the availability of appropriations therefor. In order to fully utilize the passenger transportation equipment, cars are not exclusively assigned to one individual at locations where more than one employee has need for the equipment, thereby allowing several employees to use a single passenger car. Under Service policy all employees are directed to coordinate travel to the same locality in order that two or more employees may be transported at the same time to receive maximum utilization of equipment.

Below is itemized a statement as to the ages and mileage of passenger motor vehicles of the Soil Conservation Service as of June 30, 1952:

Mileage	Number Cars	Percentage
0-19,999	242	18.4
20,000-39,999	343	26.1
40,000-59,999	354	26.9
60,000-79,999	228	17.3
80,000-99,999	77	5.9
100,000-and over	71	5.4
	1/ 1,315	100.0

Year Model	Number Cars	Percentage
1940-and older	12	.9
1941	10	.8
1942	82	6.2
1946	75	5.7
1947	151	11.5
1948	312	23.7
1949	205	15.6
1950	164	12.5
1951	214	16.3
1952	90	6.8
	1/ 1,315	100.0

1/ Includes 96 passenger cars assigned to activities financed by the appropriation Flood Prevention, of which (17) are scheduled for replacement in the fiscal year 1954.

PRODUCTION AND MARKETING ADMINISTRATION

Purpose Statement

The Production and Marketing Administration administers the Department's production and marketing programs under the following appropriations: Conservation and use of agricultural land resources; agricultural production programs, including acreage allotments and marketing quotas, and production goals; Sugar Act program; national school lunch program; removal of surplus agricultural commodities, including development of new and expanded markets and uses, and marketing agreements and orders; marketing services, including market news service, inspection, grading and classing, and standardization, improvement of marketing practices, freight rates on farm products and regulatory activities; and Commodity Credit Corporation programs, including price support through loans, purchases and other means, foreign and other supply activities. The Production and Marketing Administration also carries out the functions of the United States under the International Wheat Agreement.

In addition, through authorities delegated under the Defense Production Act of 1950, as amended, the Production and Marketing Administration has the responsibility for the administration of (1) food production and distribution programs, including developing requirements, determining priorities and allocations of available supplies, and obtaining basic production required; (2) domestic utilization of farm equipment and fertilizer through requirements, allocations and distribution controls in order to accomplish required agricultural food production, distribution, and conservation.

The Washington organization of the Production and Marketing Administration consists of an Administrator, a Deputy Administrator and Assistant Administrators for Production, Marketing, Commodity Operations and Program Coordination, 9 Commodity Branches which plan and administer or supervise the administration of all PMA programs affecting commodities, and 14 functional and staff branches or offices which are responsible for specific programs or administrative functions affecting all commodities. These branches and offices are as follows:

Commodity branches	Functional and staff branches and offices
Cotton	Agricultural Conservation Programs Branch
Dairy	Food Distribution Branch
Fats and Oils	Marketing and Facilities Research Branch
Fruit and vegetable	Transportation and Warehousing Branch
Grain	Fiscal Branch
Livestock	Office of Administrative Services
Poultry	Office of Audit
Sugar	Office of Budget
Tobacco	Office of Compliance and Investigation
	Office of Information Services
	Office of Personnel Management
	Office of Price
	Office of Materials and Facilities
	Office of Requirements and Allocations

The field organization of PMA consists of PMA State offices, PMA insular offices in Hawaii and Puerto Rico, PMA County and Community Committees, PMA Commodity offices and field offices of Washington branches and offices.

The Production and Marketing Administration has been delegated authority by the Board of Directors of Commodity Credit Corporation to administer the programs of the Corporation. The Administrator of PMA is the President of the Commodity Credit Corporation, and a member of the Board of Directors, and the Deputy Administrator is Vice President. The Directors of the branches of PMA and the Directors of PMA Commodity Offices are contracting officers of the Corporation.

PRODUCTION AND MARKETING ADMINISTRATION

Summary of Appropriations, 1953 and Estimates 1954[a]
(Amounts for 1953 exclude reductions pursuant to sections 411 and 412 of the 1953 Department of Agriculture Appropriation Act)

Item	Appropriated, 1953	Budget Estimate, 1954	Increase (+) or Decrease (-)
Conservation and use of agricultural land resources	$251,747,866	$250,000,000	-$1,747,866
Additional land treatment measures in selected watershed areas to accelerate flood prevention	---	2,436,000	+2,436,000
Agricultural production programs	9,995,781	8,000,000	-1,995,781
Sugar Act program	64,998,776	64,700,000	-298,776
National school lunch program	83,364,269	83,365,000	+731
Marketing services	11,474,025	11,600,000	+125,975
Repayment to Commodity Credit Corporation for certain grading and classing costs in 1952	---	818,505	+818,505
Removal of surplus agricultural commodities (30% of customs receipts) b/	181,040,312	172,800,000	-8,240,312
Perishable Agricultural Commodities Act Fund	390,000	390,000	---
	603,011,029	594,109,505	-8,901,524
Deduct:			
Permanent appropriations:			
Removal of surplus agricultural commodities (section 32 funds)	181,040,312	172,800,000	-8,240,312
Perishable Agricultural Commodities Act Fund ...	390,000	390,000	---
Total, direct annual appropriation or estimate	421,580,717	420,919,505	-661,212

a/ Excludes administrative expense authorization for Commodity Credit Corporation.

b/ Excludes carryover in fiscal year 1953 of $221,195,744, and estimated carryover in fiscal year 1954 of $300,000,000.

AGRICULTURAL CONSERVATION PROGRAM

Purpose Statement

1. Conservation Aids to Farmers.--The Agricultural Conservation Program is authorized under the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, and is financed from the appropriation item "Conservation and Use of Agricultural Land Resources."

The size of the program is determined each year by the Congress and is stated as an advance authorization in the annual appropriation act. On the basis of the amount authorized, allocations are made to the States based upon conservation needs in accordance with a formula contained in the appropriation act.

The purposes of the Act include (1) restoring and improving soil fertility, (2) reducing erosion caused by wind and water, and (3) conserving water on the land. To effectuate these purposes, the Agricultural Conservation Program offers assistance to individual farmers and ranchers in all of the 48 States, Alaska, Hawaii, Puerto Rico and the Virgin Islands for carrying out approved soil-building and soil-and-water conserving practices on their farms.

Assistance is offered only for the practices considered necessary to meet the most urgently needed conservation problems of the farm and then only if it is believed that farmers would not perform the practices to the required extent without such assistance.

Practices that have been receiving assistance generally fall into four major classes:

1. Construction practices, such as terracing, leveling land, and building dams to protect against erosion or to conserve water.

2. Establishing protective land uses such as pastures of perennial grasses and other protective permanent cover including mineral supplements necessary thereto.

3. Growing cover crops, such as winter or annual legumes, for soil protection and improvement.

4. Applying minerals such as lime and phosphate to pasture and hayland sods.

Assistance is available in the form of:

1. Partial payment of the purchase price of materials and services needed by the farmer for carrying out approved practices, or

2. Partial reimbursement to farmers who have carried out approved practices at their own expense.

Materials and services are obtained through local private sources where practicable.

Rates of assistance vary by practices and by States and areas so as to make the most effective use of available funds. The average rate of assistance for all practices is less than one-half the cost of performing the practice. The farmer bears the balance of the cost and in addition, supplies the labor necessary to carry out the practice.

2. Additional measures to accelerate flood prevention.--Assistance on individual farms will be offered for additonal measures to accelerate flood prevention in the Brazos, Delaware, Pecos, Savannah, Scioto, Suy, and Upper South Platte watersheds in accordance with integrated work plans prepared jointly by agencies of the Department having responsibility for the various phases of the program.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds:		
Regular Agricultural Conservation Program	$251,747,866	$211,982,000 ~~$250,000,000~~
Additional measures to accelerate flood prevention	--	~~2,436,000~~
Total	251,747,866	~~252,436,000~~ 211,982,000

CONSERVATION AND USE OF AGRICULTURAL LAND RESOURCES

		On Direct Appropriation Basis	On Basis of Program Authorization
Agricultural Conservation Program:			
Appropriation Act, 1953		$251,754,142	a/$256,500,000
Reductions pursuant to:			
Section 411	$76		
Section 412	6,200	-6,276	- -
Adjusted appropriation, 1953, and base for 1954		251,747,866	256,500,000
Revised Budget Estimate, 1954		211,982,000	250,000,000
Decrease		-39,765,866	b/ -6,500,000

a/ Amount of advance authorization contained in 1952 Agricultural Appropriation Act.

b/ Although the advance authorization in the 1953 Agricultural Appropriation Act was $250,000,000 for the crop year 1953, current estimates indicate that only $240,599,240 will be required to meet program commitments, a decrease of $9,400,760. This amount, together with the decrease of $6,500,000 in the authorization, results in a total reduction of $15,900,760.

SUMMARY OF INCREASES AND DECREASES
(On a basis of Program Authorization)

Decrease in conservation aids to farmers in carrying out conservation measures in the 1953 crop year program compared with the 1952 program	-$6,500,000
Decrease due to elimination of a reserve for contingencies ($2,499,521) and a reduction in other program expenses, primarily in the cost of aerial photography ($808,897) ..	-3,308,418
Decrease in program funds used in 1953 for special contacts with farmers to adopt more permanent-type practices	-5,516,900
Decrease in PMA County Committee operating expenses	-350,442
Decrease in National and State Office operating expenses ..	-225,000

The Agricultural Conservation Program is operated on a calendar (crop) year basis. The 1952 program which closed December 31, 1952, is financed from funds provided in the 1953 Agricultural Appropriation Act. In that Act, the Congress authorized the formulation and administration of a 1953 Agricultural Conservation Program amounting to $250,000,000 for which program the 1954 Budget Estimate is submitted, as reflected in the project statement below.

PROJECT STATEMENT

Project	1951 (Fiscal Year 1952) (estimated)	1952 (Fiscal Year 1953) (estimated)	Increase or Decrease	1953 (Fiscal Year 1954 Revised) (estimated)
Agricultural Conservation Program:				
Conservation aids to farmers	$246,100,000	$219,832,100	-$6,500,000	$213,332,100
Other program expenses and reserve for contingencies ..	1,657,047	4,396,858	-3,308,418	1,088,440
Program funds used for operating expenses for contacts with farmers to adopt more permanent-type practices .	- -	5,516,900	-5,516,900	- -
PMA County Committee operating expenses ...	20,284,000	21,855,618	-350,442	21,505,176
National and State office operating expenses	4,898,043	4,898,524	-225,000	4,673,524
Subtotal	272,939,090	256,500,000	-15,900,760	240,599,240
Farm land restoration program in flood-stricken areas	30,980,000	- -	- -	- -
Total available ..	303,919,090	256,500,000	-15,900,760	240,599,240
Reductions pursuant to Sections 411 and 412	- -	+6,276		
Adjustments:				
Difference in amount used for advance purchase of conservation materials and services from prior fiscal year appropriation for current program and amount to be used for advance purchase of conservation materials and services from current fiscal year appropriation for ensuing calendar year	-1,089,090	-5,341,912		
Received by loan from CCC	-46,000,000	-35,410,222		
Repayment of loan from CCC	+34,150,000	+36,000,000		
Total appropriation or estimate	290,980,000	251,754,142		

Advance authorization for the 1954 Agricultural Conservation Program

The revised Budget Estimates propose an authorization for the 1954 Agricultural Conservation Program amounting to $140,000,000. This is for a program limited to assistance on the more lasting or more permanent type conservation practices.

Under the Agricultural Conservation Program and the soil and water conservation activities of local, State and other Federal Agencies, extensive progress has been made in reducing erosion and rebuilding soil fertility. The Nation has become aware that the concept of inexhaustible resources is false and that the amount of land available for production is very definitely limited. While approved varieties of seed, more and better fertilizers, mechanization, and other improved farming methods are essential to efficient farming operations, these can be most effective only if our basic agricultural resources are used according to their capabilities and treated according to their needs.

The estimates provide for modification of the program in 1954 through elimination of payments for recurring annual practices. The proposed advance authorization for permanent-type practices is at a level somewhat higher than for similar practices in 1952, and above that estimated for 1953. It is believed that farmers can and should be expected to carry the recurring annual type practices with their own resources as part of a sound conservation farming operation.

On the other hand financial assistance is especially important and needed for the permanent-type practices such as erosion control, drainage and forestry which require a substantial outlay of cash and which do not result in immediate cash returns. Although a farmer may recognize the need for carrying out this type of practice, he is influenced by the fact that his interest in the land may be for a relatively short period of time. The interest of the Nation, on the other hand, is for an indefinite period of time. Its strength and welfare depend upon the continued productivity of the soil and water resources.

DECREASES

The decrease of $15,900,760 in this item for 1954 is composed of the following:

(1) A decrease of $9,808,418 in conservation aids to farmers in carrying out conservation measures consisting of:

(a) Reduction of $6,500,000 in the advance authorization for the 1953 program, as compared with the 1952 program.

(b) Reduction of $2,499,521 due to elimination of a reserve for contingencies; and

(c) Reduction of $808,897 in other program expenses, primarily aerial photography.

(2) A decrease of $5,516,900 due to elimination of use of program funds for special contacts with farmers to secure the adoption of more permanent-type practices. Such contacts will not be necessary in fiscal year 1954 since it is recommended that the 1954 program be limited to permanent-type practices.

(3) A decrease of $350,442 in PMA County Committee expenses.

(4) A decrease of $225,000 in National and State office expense due to reducing operations to a minimum level.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

To enable the Secretary to carry into effect the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended (16 U.S.C. 590g-590q), including not to exceed $6,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States; [$251,754,142] $211,982,000, to remain available until December 31 of the next succeeding fiscal year for compliance with the program of soil-building practices and soil-and-water-conserving practices authorized under this head in the Department of Agriculture Appropriation Act, [1952] 1953, carried out during the period July 1, [1951] 1952, to December 31, [1952] 1953, inclusive, of which amount $2,500,000 shall be available for technical assistance in formulating and carrying out agricultural conservation practices and $1,000,000 shall be available for conservation practices related directly to flood prevention work in approved watersheds: Provided further, That not to exceed [$26,754,142] $26,178,700 of the total sum provided under this head shall be available during the current fiscal year for salaries and other administrative expenses for carrying out such program, the cost of aerial photographs, however, not to be charged to such limitation; but not more than [$4,966,000] $4,675,000 shall be transferred to the appropriation account, "Administrative expenses, section 392, Agricultural Adjustment Act of 1938": * * * Provided further, That such amount shall be available for salaries and other administrative expenses in connection with the formulation and administration of the [1953] 1954 program of soil-building practices and soil- and water- conserving practices, under the Act of February 29, 1936, as amended (amounting to [$250,000,000] $140,000,000, including administration, and formulated on the basis of a distribution of the funds available for payments and grants among the several States in accordance with their conser-
1 vation needs as determined by the Secretary, except that (1) not to exceed $100,000 of such amount shall be available, in addition to other program funds, for farm land development practices in Alaska, and (2) the proportion allocated to any State shall not be reduced more than 15 per centum from the distribution for the next preceding program year, and no participant shall receive

2 more than $2,500, and except that the payments authorized shall be made without regard to the increases required by Section 8(e) of the Act); * * * Provided further, that not to exceed 5 per centum of the allocation for the Agricultural Conservation Program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the agricultural conservation program in the participating counties, and the funds so allotted may be placed in a single account for each State, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assist-
3 ance in such counties: [Provided further, That not to exceed 2 1/2 per centum of the allocation for the agricultural conservation program for any State may be utilized in determining the most needed conservation practices on individual farms for which Federal assistance shall be given:] Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other farming materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary under programs provided for herein: * * *

Other than the usual changes in year dates applicable to the program covered by the appropriation and the period of availability thereof, the estimates include proposed changes in language of the item as follows:

The first change would permit the Secretary to allocate an additional $100,000 to Alaska above what it would receive under the formula contained in the annual appropriation act. Alaska is of great strategic value militarily to the United States and the population has been increasing very rapidly in the past ten years. It is extremely important in the interest of national defense, that it become more self-sufficient in food and feed production, thus requiring less food and feed shipments from the States.

A greatly increased agricultural production is required to help feed the people. In order to achieve increased production, a change in land use and development of additional farm land is necessary.

The second change inserts language which will eliminate the necessity of making adjustments in small payments pursuant to the provisions of Section 8(e) of substantive legislation. The proposed authorization of $140,000,000 for the 1954 agricultural conservation program excludes the amount that would ordinarily be required for small payment increases. Increases in payments to farmers are based upon the size of payment - not the size of the farm. Because over 90 percent of the program payments have been less than $200, nearly all farmers get increases regardless of the size of their farming operations. More units of conservation can be obtained by direct practice assistance rather than by using the small payment increase to supplement rates of payment.

The third change eliminates the language permitting the use of 2 1/2 percent of the program allocation for any State for contacts with farmers to secure the adoption of more permanent-type practices. Such contacts will not be necessary in fiscal year 1954, since it is recommended that the 1954 program be limited to permanent-type practices.

(a) Conservation and Use of Agricultural Land Resources

		On Direct Appropriation Basis	On Basis of Program Authorization
Agricultural Conservation Program:			
Appropriation Act, 1953.....		$251,754,142	a/$256,500,000
Reductions pursuant to:			
Section 411	$76		
Section 412	6,200	-6,276	- -
Adjusted appropriation, 1953, and base for 1954.....		251,747,866	256,500,000
Budget Estimate, 1954.....		250,000,000	b/ 250,000,000
Decrease.....		-1,747,866	-6,500,000
Additional Measures for Acceleration of of Flood Prevention:			
Appropriation Act, 1953.....		- -	- -
Budget Estimate, 1954.....		2,436,000	2,436,000
Increase.....		+2,436,000	+2,436,000
Net increase or decrease.....		+688,134	-4,064,000

a/ Amount of advance authorization contained in 1952 Agricultural Appropriation Act.

b/ Amount of advance authorization contained in 1953 Agricultural Appropriation Act.

SUMMARY OF INCREASES AND DECREASES
(On a basis of Program Authorization)

Decrease in conservation aids to farmers in carrying out conservation measures.....	-6,500,000
Increase for additional measures for acceleration of flood prevention.....	+2,436,000

The Agricultural Conservation Program is operated on a calendar (crop) year basis. The 1952 program which closed December 31, 1952, is financed from funds provided in the 1953 Agricultural Appropriation Act. In that Act, the Congress authorized the formulation and administration of a 1953 Agricultural Conservation Program amounting to $250,000,000, for which program the 1954 Budget Estimate is submitted, as reflected in the project statement below.

PROJECT STATEMENT

Project	On a Program Basis			
	1951 (Fiscal Year 1952) (estimated)	1952 (Fiscal Year 1953) (estimated)	Increase or Decrease	1953 (Fiscal Year 1954) (estimated)
Agricultural Conservation Program:				
Conservation aids to farmers	259,817,957	224,228,958	-6,499,958	217,729,000
Program funds used for operating expenses to develop and carry out most effective program	- -	5,516,900	-5,516,900	- -
PMA County Committee operating expenses	20,284,000	21,855,618	+5,516,858	27,372,476
National and State office operating expenses	4,898,043	4,898,524	- -	4,898,524
Subtotal	285,000,000	256,500,000	-6,500,000(1)	250,000,000
Farm land restoration program in flood-stricken areas	30,980,000	- -	- -	- -
Additional measures for acceleration of flood prevention	- -	- -	+2,436,000(2)	2,436,000
Total available	315,980,000	256,500,000	-4,064,000	252,436,000
Reductions pursuant to Sections 411 and 412	- -	+6,276		
Adjustments:				
Difference in amount used for advance purchase of conservation materials and services from prior fiscal year appropriation for current program and amount to be used for advance purchase of conservation materials and services from current fiscal year appropriation for ensuing calendar year	---	+247,866		
Received by loan from CCC	-46,000,000	-41,000,000		
Repayment of loan from CCC	+21,000,000	+36,000,000		
Total appropriation or estimate	290,980,000	251,754,142		

Advance authorization for the 1954 Agricultural Conservation Program

The Budget estimates propose an authorization for the 1954 Agricultural Conservation Program amounting to ($250,000,000) the same amount authorized by the Congress for the 1953 Program.

For more than 100 years this nation used up its land faster than any other nation in history. Nearly 50 million acres of land which once had been cultivated -- more than one in every eleven acres of land once capable of growing crops -- had become unsuitable for cultivation. Only about 100 million acres of land, representing about 10 percent of the land in the farms, was free from erosion. Attention became focused upon conservation as a national problem and definite steps were taken to provide for the preservation and conservation of the nation's agricultural resources.

Under the Agricultural Conservation Program and the soil and water conservation activities of local, state and other Federal agencies, extensive progress has been made in reducing erosion and rebuilding soil fertility. However, the nation is not yet close to balancing its conservation with needs. The nation has become aware that the concept of inexhaustible resources is false and that the amount of land available for production is very definitely limited. Agricultural resources must be protected and fertility must be built up to safeguard the future ability of the nation's farms to produce enough to meet the growing requirements of an increasing population.

Over the past ten years the average increase in population has been more than 2 million persons a year. On the basis of maintaining the 1950 level of diet, farm production, by 1975, would have to be increased by at least 25 percent to meet the normal needs. Most of this increase must come from present acres of cropland and pasture by increasing yields per acre. To get the needed increase, present acres must be built up and losses of productive acres must be checked. Improved varieties of seed, more and better fertilizers, and mechanization will all help to increase yields, but most important, the basic agricultural resources must be used according to their capabilities and treated according to their needs.

Financial assistance is especially important for the permanent type practices such as erosion control, drainage and forestry which require a substantial outlay of cash and which do not result in immediate cash returns. Although a farmer may recognize the need for carrying out this type of practice, he is influenced by the fact that his interest in the land is for a comparatively short period of time. The interest of the nation, on the other hand, is for an indefinite period of time, since its strength and welfare depend upon the continued productivity of the soil and water resources.

INCREASES AND DECREASES

The net decrease of $4,064,000 in this item for 1954 is composed of the following:

(1) A decrease of $6,500,000 in conservation aids to farmers in carrying out conservation measures due to reduction of the advance authorization for the formulation and administration of the 1953 Agricultural Conservation Program to $250,000,000.

In addition the 1954 Budget proposes to shift $5,516,858 from program funds for conservation aids to the administrative expense limitation. While the shift results in an increase of $5,516,858 within the administrative expense limitation, it is not an increase for this purpose as $5,516,900 of program money was used in 1953 to carry out an approach aimed at getting farmers to adopt more of the permanent type practices.

The Department considers it preferable to provide for such funds under the administrative expense limitation. A fixed percentage of program funds does not necessarily give the most equitable distribution to States in relation to the work to be done since the State allocation is based on the conservation needs of the farmland within the State rather than the number of farms to be contacted in the State.

One of the greatest difficulties in achieving the most desirable conservation work is in getting the most effective use of the limited materials, services, and technical assistance essential to the performance of that work. In 1954, greater emphases will be placed on advance scheduling of conservation work, farm by farm. This advance scheduling will give all agricultural agencies and organizations a better basis upon which to direct their activities and to make arrangements for an orderly flow of the required materials and services.

The following table shows the shift from program expenses in the 1953 fiscal year to the administrative expense limitation in the budget estimates for the fiscal year 1954.

AGRICULTURAL CONSERVATION PROGRAM

	Fiscal Year 1953			Fiscal Year 1954			Increase or Decrease		
	Man-days per person	Amount per person	Total Amount	Man-days per person	Amount per person	Total Amount	Man-days per person	Amount per person	Total Amount
Operating expenses:									
County committee	26.3	$213	$1,937,099	38.3	$310	$2,819,854	+12.0	+$97	+$882,755
Community committee	4.5	33	2,827,651	11.1	82	7,034,306	+6.6	+49	+4,206,655
All other personnel	73.2	684	14,261,938	73.2	684	14,261,938	- -	- -	- -
Total, personnel	- -	- -	19,026,688	- -	- -	24,116,098	- -	- -	+5,089,410
All other expenses	- -	- -	2,828,930	- -	- -	3,256,378	- -	- -	+427,448
Total operating expenses	- -	- -	21,855,618	- -	- -	27,372,476	- -	- -	+5,516,858
Program expenses:									
County committee	12.0	97	882,755	- -	- -	- -	-12.0	-97	-882,755
Community committee	6.6	49	4,206,655	- -	- -	- -	-6.6	-49	-4,206,655
Total, personnel	- -	- -	5,089,410	- -	- -	- -	- -	- -	-5,089,410
All other expenses	- -	- -	427,490	- -	- -	- -	- -	- -	1/ -427,490
Total program expenses	- -	- -	5,516,900	- -	- -	- -	- -	- -	-5,516,900
Total expenses:									
County committee	38.3	310	2,819,854	38.3	310	2,819,854	- -	- -	- -
Community committee	11.1	82	7,034,306	11.1	82	7,034,306	- -	- -	- -
All other personnel	73.2	684	14,261,938	73.2	684	14,261,938	- -	- -	- -
Total personnel	- -	- -	24,116,098	- -	- -	24,116,098	- -	- -	- -
All other expenses	- -	- -	3,256,420	- -	- -	3,256,378	- -	- -	-42
Total expenses	- -	- -	27,372,518	- -	- -	27,372,476	- -	- -	-42

1/ Mileage.

(2) An increase of $2,436,000 for additional land treatment measures for acceleration of flood prevention in seven selected watersheds on which flood control surveys have been completed.

While most of these measures are now being installed under the regular Agricultural Conservation Program, an acceleration of the installation of selected measures should be started as soon as possible so as to (1) help prevent further impairment of the watersheds, (2) permit coordinated installation of the land treatment measures with other flood prevention measures, (3) start reductions of flood water and sediment damage as indicated by the flood control surveys, and (4) speed up the conservation, improvement and use of the soil and water resources of the watershed lands.

In addition to meeting the flood prevention objectives on the watershed lands, the application of those measures will provide immediate and long-time benefits to both the local and national agricultural economy and will aid in meeting present and future food production requirements. This increased and sustained agricultural production will result from conservation and management of the watershed lands and from reduction of sediment and floodwater damages to the bottom lands in the adjacent streams and tributaries.

Plan of Work: The plan is to work with farmers in each watershed or subwatershed, where flood prevention activities will be started, encouraging and assisting these farmers to install those measures determined to be essential for flood prevention in each watershed. This phase of the program will be correlated with other flood prevention activities and will concentrate on the installation of all interrelated flood prevention land treatment measures in a manner so that all measures complement each other and accomplish the fullest flood prevention possible.

The extent of the flood prevention measures now carried out under the regular program will be continued and the funds requested herein will be used only to secure additional applications of those specified flood prevention measures included in the flood control survey reports. Development and correlation of this portion of the program will follow the general procedure now in effect for the regular Agricultural Conservation Program. The technical phases of installation of the same or similar practices as those offered under the Agricultural Conservation Program will be handled by either the Forest Service or the Soil Conservation Service in accordance with their respective responsibilities.

Description	Man-Years	Personal Services	Travel	All Other	Total
1. Conservation Aids to Farmers	- -	- -	- -	$2,211,000	$2,211,000
2. PMA County Committee Expense	72.3	$141,758	$12,275	1,467	155,500
3. National and State Operating Expense	11.6	56,729	8,840	3,931	69,500
Total	83.9	198,487	21,115	2,216,398	2,436,000

The distribution of this estimate by the seven watersheds in which work would be performed is as follows:

Watershed	Amount
Brazos	1,325,000
Delaware	373,000
Pecos	230,000
Savannah	224,000
Scioto	110,000
Sny	55,000
South Platte (Upper)	119,000
Total	2,436,000

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

To enable the Secretary to carry into effect the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended (16 U.S.C. 590g-590q), including not to exceed $6,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States; [$251,754,142] $252,436,000, to remain available until December 31 of the next succeeding fiscal year for compliance with the program of soil-building practices and soil-and water-conserving practices authorized under this head in the Department of Agriculture Appropriation Act, [1952] 1953, carried out during the period July 1, [1951] 1952, to December 31, [1952] 1953, inclusive, of which amount $2,500,000 shall be available for technical assistance in formulating and carrying out agricultural conservation practices and $1,000,000 shall be available for conservation practices related directly to flood prevention work in approved watersheds;
1 Provided, That $2,436,000 of this appropriation shall be available until December 31, 1954, for accelerating soil-building practices and soil-and water-conserving practices under the Act of February 29, 1936, as amended, in specific watersheds, and this additional amount may be distributed among States and individual farmers without regard to the limitations contained herein: Provided further, That not to exceed [$26,754,142] $32,496,000 of the total sum provided under this head shall be available during the current fiscal year for salaries and other administrative expenses for carrying out such program, the cost of aerial photographs, however, not to be charged to such limitation; but not more than [$4,966,000] $5,000,000 shall be transferred to the appropriation account, "Administrative expenses, section 392, Agricultural Adjustment Act of 1938": * * * Provided further, That such amount shall be available for salaries and other administrative expenses in connection with the formulation and administration of the [1953] 1954 program of soil-building practices and soil-and water- conserving practices, under the Act of February 29, 1936, as amended (amounting to $250,000,000, including administration, and formulated on the basis of a distribution of the funds available for payments and grants among the several States in accordance with their conservation needs as determined by the
2 Secretary, except that (1) not to exceed $100,000 of such amount shall be available, in addition to other program funds, for farm land development practices in Alaska, and (2) the proportion allocated to any State shall not be reduced more than 15 per centum from the distribution for the next preceding program year, and no participant shall receive more than $2,500); * * * Provided further, That not to exceed 5 per centum of the allocation for the Agricultural conservation program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the

Soil Conservation Service for services of its technicians in formulating and carrying out the agricultural conservation program in the participating counties, and the funds so allotted may be placed in a single account for each State, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such
3 counties: [Provided further, That not to exceed 2 1/2 per centum of the allocation for the agricultural conservation program for any State may be utilized in determining the most needed conservation practices on individual farms for which Federal assistance shall be given:] Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other farming materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary under programs provided for herein: * * *

Other than the usual changes in year dates applicable to the program covered by the appropriation and the period of availability thereof, the estimates include proposed changes in language of the item as follows:

The first change makes an additional $2,436,000 available until December 31, 1954 for conservation aids to farmers to assist them in accelerating on land under their control the application of those needed land treatment measures and conservation practices which have specific flood prevention value in the seven watersheds designated in the budget justification and which can be installed under existing authorization.

The second change would permit the Secretary to allocate an additional $100,000 to Alaska above what it would receive under the formula contained in the annual appropriation act. Alaska is of great strategic value militarily to the United States and the population has been increasing very rapidly in the past ten years. It is extremely important in the interest of national defense, that it become more self-sufficient in food and feed production, thus requiring less food and feed shipments from the States.

A greatly increased agricultural production is required to help feed the people. In order to achieve increased production, a change in land use and development of additional farm land is necessary.

The third change proposes to eliminate the language permitting the use of 2 1/2 percent of the 1953 program allocation of any State in determining the most needed conservation practices on individual farms. A fixed percentage of program funds does not necessarily give the most equitable distribution to States in relation to the work to be done. The State allocation is based on the conservation needs of the farm land within the State but is not directly influenced by the number of farms in the State.

Since the cost of determining the most needed practices on individual farms is influenced by the number of farms, types of farming, distances involved, and other factors, it is believed to be more desirable to provide any such funds under the administrative expense classification rather than the authorization to use a percentage of program funds.

STATUS OF PROGRAM

The level of production which American agriculture has been able to achieve has contributed as much to the strength of this Nation and its world position as any other single factor. It is essential that an adequate and effective conservation program embodying a coordinated approach to the conservation problem be carried out to assure positive performance by individual farmers of measures to build up and maintain the Nation's agricultural resources.

Objective

The objectives of the Agricultural Conservation Program are (1) to restore and improve soil fertility, (2) to reduce erosion caused by wind and water, and (3) to conserve water on the land. To achieve these objectives assistance in cash or conservation materials and services is offered to individual farmers and ranchers for carrying out practices to maintain permanently the productive resources on each farm. This assistance makes it economically possible for a larger number of farmers and ranchers to carry out a greater volume of practices so essential in keeping the national agricultural resources in condition to produce adequate supplies of food, feed, and fiber.

Changes in Agricultural Conservation Program

Up through the 1943 program year, two types of payments were offered under the Agricultural Conservation Program:

1. "Soil-building" or "practice" payments for seeding soil-building crops or for carrying out approved soil-conservation practices on cropland, pasture, or woodland, and

2. "Soil-conserving" or "diversion" payments for shifting acreage from soil-depleting or intensively cultivated row crops to soil-conserving crops. National goals were established for soil-depleting and intensively cultivated row crops and distributed among farms as acreage allotments which were used for measuring the extent of conservation performed on a farm.

Beginning with the 1944 program, assistance has been provided only for carrying out soil-building and soil- and water-conserving practices. Each year, greater emphasis is being placed upon providing assistance only for the performance of practices which will contribute the most toward safeguarding the productivity of the national agricultural resources. As prescribed by law, the Agricultural Conservation Program is formulated on the basis of conservation needs as determined by the Secretary.

Program Development

The Agricultural Conservation Program is developed, at the national, State, and county levels, insofar as practices and rates of assistance are concerned, jointly by Production and Marketing Administration,

Soil Conservation Service, and Forest Service representatives. They are assisted by recommendations from the Extension Service, Farmers' Home Administration, and Soil Conservation District governing bodies and other Federal and State agricultural agencies interested in conservation work. The Agricultural Conservation Program offers assistance at specified rates, to farmers who carry out practices which will:

1. Maintain or increase soil fertility;
2. Control and prevent soil erosion caused by wind and water;
3. Encourage conservation and better agricultural use of water;
4. Conserve and increase range and pasture forage, or
5. Conserve and improve farm woodland.

The practices included in the program are those which would not be carried out in the desirable volume on the basis of relative conservation needs unless assistance is given.

1951 Agricultural Conservation Program

Participation - 2,567,683 farmers participated in the 1951 Agricultural Conservation Program and participating farms included about 58 percent of the Nation's cropland. The following table shows the percentage of participation and the gross amounts available for assistance to farmers under the 1950 and 1951 programs.

Table I. Participation and Gross Assistance, 1950 and 1951

Program Year	Participation: Farms	Farmland	Cropland	Pasture	Gross Assistance
	(%)	(%)	(%)	(%)	($1,000)
1950	46	56	64	50	$252,000
1951	43	52	58	47	246,100

Table II. Practices Carried Out -- Estimated Conservation Needs Compared With Extent of Practices Carried Out (Selected Permanent Practices) - Amount Performed Under 1951 Program and 1936-1951 Programs

Practice	Unit	Estimated Total Need 1/	Amount Performed under 1951 Program	Amount Performed under 1936-1951 Programs
Dams	Earthen structures	2,624,015	75,759	1,118,918
Drainage	Acres	69,286,041	2,389,458	28,735,660
Permanent sod waterways	1,000 sq. ft.	206,361,666,720	1,863,740	15,612,325
Standard Terraces	Acres	106,847,661	1,237,791	19,618,989
Tree planting ...	Acres	29,400,225	112,655	1,014,972
Permanent cover ..	Acres	8,311,261	242,168	2,398,393
Pasture seeding ..	Acres	148,000,379	6,925,686	192,987,827

1/ Approved by Secretary August 1951 -- needs remaining after 1949.

Table III. Estimated Annual Needs Compared With Extent of Practices Carried out Under 1951 Program (Selected Annual and Recurring Practices)

Practice	Unit	Estimated Annual Need 1/	Amount Performed Under 1951 Program
Application of liming materials	Tons	80,730,193	21,452,070
Application of 20% superphosphate	Tons	17,324,181	3,086,044
Contour farming 2/	Acres	182,742,498	3,743,062
Field stripcropping	Acres	31,906,079	6,997,353
Green manure and cover	Acres	103,655,122	18,196,687

1/ As estimated in 1951. 2/ Includes "cross-slope" farming.

1952 Agricultural Conservation Program

The 1952 Agricultural Conservation Program is redirected and geared more positively to the needs of each individual farm. Emphasis was placed upon giving each cooperating farmer every assistance possible in working out a first-things-first, year-by-year conservation program for his farm that would tie in directly with present production needs and also help assure the increased production needed in the future. In a group of special counties - at least one county in each State - each farmer was directly assisted by his elected community committeeman in developing a program for his farm.

1953 Agricultural Conservation Program

Every effort will be made in the 1953 Agricultural Conservation Program to see that the program assistance is directed to those soil and water conservation practices which farmers would not carry out to the extent necessary for the national welfare without this assistance, and shifted away from those practices which are becoming established in farmers' regular operations on their farms. This assistance is to be used to encourage and aid farmers to carry out conservation over and above what they would do with their own resources and on their own initiative.

The practices to be included at the local level and for individual farms will be aimed toward the most permanent benefit to the productive capacity and conservation of the agricultural resources of the area. Each county program will be integrated with the objectives of the broad general conservation programs of the area, such as flood prevention, wind and water erosion, or changing land use.

The 1953 appropriation act provides for transfer of a minimum of $2,500,000 to the Soil Conservation Service for technical assistance in connection with the 1953 Agricultural Conservation Program. Funds in the amount of $2,500,000 have been allocated to the States with instructions that such amounts may be utilized only for the purpose indicated. Indications are that total transfers to the Soil Conservation Service from the 1953 appropriation will exceed the $2,500,000 indicated as a minimum goal by an estimated $1,000,000.

The 1953 appropriation act also provides for the use of at least $1,000,000 in those areas and on those conservation measures which contribute directly to the flood prevention work of the Department. It is estimated that in excess of $4,000,000 will be used for this purpose.

Need for Conservation Practices

American agriculture faces the enormous task of stepping up production to meet the needs of a rapidly growing population and most of this increase will have to come from land now in use.

In order to assure adequate production to meet the requirements of this country in the future, it is essential that the extent and volume of practices to protect the agricultural resources and build up productive capacity be increased. The conservation job cannot be deferred. In fact, delay will make the job bigger and it will cost many times more.

Administrative expense allocations to States are based upon workload indicators for the previous year. Adjustments are made for any anticipated changes in program operations.

In arriving at the amount which will be required by each State for State and county office operations, consideration is given to such factors as the number of applications, number of counties, conservation materials and services furnished, number of purchase orders, or purchase order vouchers handled, etc. A weight is assigned to each factor on the basis of the specific jobs which will have to be done in connection therewith for use in distribution of available funds.

The following statement sets forth the workload data derived from operating statistics upon which fiscal year 1953 allocations were based.

STATE	Number of Applications	Number of Counties	Number of CMS Samples Handled 1/	Number of Purchase Orders or P.O. Vouchers Handled	Number of Contractor's Vouchers Audited-Scheduled	Number of Practices in State Handbook	No. of Counties Operating 1952 Special County Farm ACP
Connecticut	4,552	8	28	2	400	21	1
Delaware	3,375	3	48	1,250	- -	10	1
Maine	7,277	16	24	- -	250	20	1
Maryland	13,650	23	20	12,000	- -	16	1
Massachusetts	6,948	13	26	35	500	22	1
New Hampshire	1,496	10	14	6,500	1,660	23	1
New Jersey	8,357	20	20	250	500	31	1
New York	26,000	57	440	65,000	5,000	21	2

STATE	Number of Applications	Number of Counties	Number of CMS Samples Handled 1/	Number of Purchase Orders or P.O. Vouchers Handled	Number of Contractor's Vouchers Audited-Scheduled	Number of Practices in State Handbook	No. of Counties Operating 1952 Special County Farm ACP
Pennsylvania	45,295	67	300	54,760	1,422	22	1
Rhode Island	379	5	70	-	131	18	1
Vermont	3,584	14	120	-	900	18	1
Virginia	62,080	99	40	125,000	600	18	1
West Virginia	4,919	55	145	3,599	700	12	1
Northeast Area	187,912	390	1,295	268,396	12,063	252	14
Alabama	66,265	67	48	157,500	-	21	1
Arkansas	38,989	75	250	63,733	-	68	1
Florida	23,592	66	-	6,000	-	19	1
Georgia	54,402	159	100	220,000	-	19	1
Louisiana	33,215	64	29	68,250	-	20	1
Mississippi	55,041	82	40	190,000	-	19	1
North Carolina	119,242	100	2,500	488,000	2,689	20	1
South Carolina	28,900	46	15	35,700	-	19	1
Tennessee	98,000	95	934	224,000	19,500	15	1
Southeast Area	517,646	754	3,916	1,453,183	22,189	220	9
Illinois	109,000	102	1,500	15,000	50	19	1
Indiana	85,600	92	400	6,600	20	24	1
Iowa	148,600	100	10,372	6,113	339	20	2
Kentucky	121,000	120	188	150,000	2,500	18	1
Michigan	91,565	83	1,000	1,779	3,322	27	1
Missouri	99,393	114	880	12,350	2,500	14	1
Ohio	93,000	88	480	3,982	-	21	1
Wisconsin	120,000	71	328	3,507	119	26	1
Midwest Area	868,158	770	15,148	199,331	8,850	169	9
Arizona	2,203	14	-	-	-	35	1
California	15,205	57	-	1,007	45	59	1
Colorado	17,063	55	2	1,200	-	43	1
Kansas	32,500	105	1,223	52,000	16,092	55	1
Nevada	1,070	17	-	-	-	30	1
New Mexico	4,881	31	-	2,500	-	27	2
Oklahoma	58,383	77	600	110,000	-	10	1
Texas	121,500	254	106	174,000	-	50	1
Utah	5,996	29	-	2,900	-	69	1
Southwest Area	258,801	639	1,931	343,607	16,137	378	10

STATE	Number of Applications	Number of Counties	Number of CMS Samples Handled 1/	Number of Purchase Orders or P.O. Vouchers Handled	Number of Contractor's Vouchers Audited-Scheduled	Number of Practices in State Handbook	No. of Counties Operating 1952 Special County Farm ACP
Idaho	10,058	43	-	175	-	45	1
Minnesota	95,800	89	140	12,000	-	21	1
Montana	16,000	56	-	-	-	39	1
Nebraska	59,000	93	960	15,000	-	39	1
North Dakota	50,750	53	-	-	-	26	1
Oregon	11,086	36	24	2,062	263	47	1
South Dakota	33,000	67	-	3,500	-	22	1
Washington	17,395	39	-	3,500	-	53	1
Wyoming	5,031	23	-	700	-	32	1
Northwest Area	298,120	499	1,124	36,937	263	324	9
Total States	2,130,637	3,052	23,414	2,301,454	59,502	1,343	51

1/ "Number of CMS Samples Handled" refers to the work done in taking, mailing, etc. samples of fertilizer, lime, and seeds which are analyzed to determine whether such materials, procured and granted to farmers directly in lieu of subsequent cash reimbursements, meet program specifications.

AGRICULTURAL PRODUCTION PROGRAMS

Purpose Statement

This appropriation provides funds to carry out acreage allotment and marketing quota programs authorized by Title III of the Agricultural Adjustment Act of 1938, as amended, and programs to achieve the needed production of crops in short supply.

Acreage Allotments and Marketing Quotas are designed to assist in minimizing fluctuations in the supply, marketing, and price of specified basic agricultural commodities--tobacco, peanuts, cotton, wheat, corn, and rice.

The national acreage allotment (in the case of corn, allotment for commercial corn-producing area) is set at a level which, based upon normal or average yield, will result in ample production for domestic consumption, exports, and adequate reserves. The total acreage is divided among States or counties on the basis of production history for a specified number of years preceding the year for which the allotment is determined, with adjustments for production trends, abnormal weather and production conditions, previous allotments, and other factors.

State or county allotments are apportioned among eligible farms. Acreage allotments, unless implemented by marketing quotas, do not constitute an enforced limitation on production. However, when acreage allotments are in effect for any basic commodity, compliance therewith is a condition of eligibility for price support.

Marketing quotas must be proclaimed for tobacco when the total supply exceeds the reserve supply level or if quotas were proclaimed for the kind of tobacco in the immediately preceding year; for peanuts each calendar year regardless of the supply situation; for cotton when the total supply exceeds the normal supply, and for wheat, corn, and rice when the total supply exceeds the normal supply by a stated percentage.

Quotas do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas. Quotas may be increased or suspended under certain demand and supply conditions, in the interest of consumers, or in national emergencies.

Production Goals are designed to encourage farmers to increase production of specified commodities in line with mobilization effort requirements. State production goals are translated into acreage requirements and distributed to counties and farms. Committeemen assist farmers in planning their operations so that within land capabilities, each acre will be utilized to the maximum. Shifting acreage in line with goals established for individual farms improves the chances that the desired production of needed commodities will be met.

Assistance to Farmers in the field, in securing adequate supplies of fertilizers, pesticides, equipment, etc., has been financed from this appropriation. No provision is made for this activity in the 1954 Budget on the assumption that such materials and facilities will be in adequate supply.

Determination of Cotton Acreage involves the maintenance of records on acreage planted to cotton for use, if needed, for marketing quota programs on cotton.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds	$9,995,781	~~$8,000,000~~ ~~$6,350,000~~ $35,600,000

(a) Agricultural Adjustment Programs

Appropriation Act, 1953		$10,000,000
Reductions pursuant to:		
Section 411	$49	
Section 412	4,170	-4,219
Proposed transferred from other appropriations		+3,150,000
Adjusted appropriation, 1953, and base for 1954		13,145,781
Revised Budget Estimate, 1954		35,600,000
Net Increase (due to work on acreage allotments and marketing quotas on wheat and cotton, elimination of work on production goals and cotton acreage determination and reduction of work involved in assuring farmers adequate farm materials, equipment and facilities)		+22,454,219

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
1. Acreage allotments and marketing quotas	$5,734,306	$10,500,000	(1) +$24,750,000	$35,250,000
2. Production goals and assistance to farmers	3,513,787	1,842,531	(2) -1,492,531	350,000
3. Determination of cotton acreage	745,392	803,250	(3) -803,250	--
Unobligated balance	6,515	--	--	--
Total available or estimate	10,000,000	13,145,781	+22,454,219	35,600,000
Reductions pursuant to Sections 411 and 412	--	+4,219		
Proposed transfers from other appropriations	--	-3,150,000		
Total appropriation or estimate	10,000,000	10,000,000		

INCREASE

(1) An increase of $24,750,000 under Project 1 providing a total of $29,250,000 for work on acreage allotments and marketing quotas on wheat and cotton.

Objective. The purpose of the increase is to provide funds for expenses to be incurred incident to the formulation and administration of acreage allotment and marketing quota programs on wheat and cotton. Funds are not available and no preparations have been made for meeting the

the requirements of law which provide the means by which must be met the problems created by burdensome supplies resulting from high production goals in the past. Such preparations must be started as soon as funds can be made available. The production of wheat and cotton must be brought in line with normal demand to prevent the accumulation of burdensome supplies, and a means must be provided whereby farmers effectively can adjust marketings in line with demand so as to obtain a fair price and a fair share of the available market.

Wheat

Statutory requirements. Sections 331-339 of the Agricultural Adjustment Act of 1938, as amended, provide that a national acreage allotment be proclaimed each year and that quotas must be proclaimed for wheat when the total supply exceeds the normal supply by more than 20 percent, or if the average farm price of wheat does not exceed 66 percent of parity for three successive months and the total supply is not less than the normal supply.

Supply situation. The current estimated 1952 wheat crop of 1,291 million bushels, the third largest in history, provides a total supply large enough to meet all requirements and increase reserve supplies to about 550 million bushels. Continued unlimited production in the face of declining export markets would result in additions to burdensome supplies with consequent further depression in prices and severe losses to growers. With a carryover of 550 million bushels, even with a sharply reduced crop in 1953, as currently indicated, supplies are expected to be sufficiently large to require the proclamation of marketing quotas on the 1954 crop as provided in the Agricultural Adjustment Act of 1938, as amended.

On the basis of present outlook, it appears that the supply situation on wheat would require the proclamation of acreage allotments and marketing quotas on the 1954 crop in accordance with the law. The Agricultural Adjustment Act of 1938, as amended, provides that:

1. Not later than July 15, 1953, the Secretary shall ascertain and proclaim the total supply and the normal supply for the marketing year beginning July 1, 1953, and shall proclaim a national acreage allotment for the 1954 crop of wheat unless suspended because of a national emergency or increase in export demand.

2. If the Secretary determines that the total supply exceeds the normal supply by more than 20 percent or if the average farm price does not exceed 66 percent of parity for three successive months and the total supply is not less than the normal supply, he shall, not later than July 1, 1953, proclaim such fact, and during the marketing year beginning July 1, 1954, and continuing throughout such marketing year, a national marketing quotas shall be in effect with respect to the marketing of wheat.

3. Between the date of issuance of the proclamation of the national marketing quota and July 25, 1953, a referendum shall be held. Quotas must be approved by at least two-thirds of farmers voting to become effective.

Plan of work. It cannot be assumed that the proclamation of acreage allotments and marketing quotas on the 1954 crop of wheat will eliminate the necessity for a proclamation on the 1955 crop and should it possibly become unnecessary to proclaim quotas on the 1954 crop, they will be even more likely to be required on the 1955 crop. Hence, the work will include not only that in connection with work on the 1954-crop allotments and quotas, but also the preparatory work required on a 1955-crop program. There follows a list showing the work necessary on 1954-and 1955-crop allotments and quotas.

		Crops
1.	Collecting basic data on planted acreages and yields	1955
2.	Reconstituting farms	1955
3.	Contacting farmers to obtain basic data	1955
4.	Computing war crop credit	1954 and 1955
5.	Computing diversion credit	1954 and 1955
6.	Determining individual farm allotments and yields by local committees	1954 and 1955
7.	Preparing listing sheets and allotment notices	1954 and 1955
8.	Preparing allotment regulations, procedures, and forms	1954 and 1955
9.	Preparing regulations, procedures, forms, etc. for marketing quota referendum	1954
10.	Holding marketing quota referendum	1954
11.	Considering appeals	1954 and 1955
12.	Developing farm marketing quota forms	1954
13.	Measuring forms	1954
14.	Computing acreage	1954
15.	Preparing and issuing marketing quota notices	1954
16.	Receiving, recording, and processing marketing reports, penalties, etc.	1954

This work will be necessary for an estimated 2,100,000 wheat farms.

Cotton

Statutory requirements. Sections 341-348 of the Agricultural Adjustment Act of 1938, as amended, provide that quotas must be proclaimed for Upland Cotton when the total supply exceeds the normal supply, and for long-staple cotton when the total supply exceeds the normal supply by more than 8 percent unless suspended because of a National emergency or an increase in export demand.

Supply situation. Cotton crops of 15.1 million bales in 1951 and the current estimate of 14.9 million bales in 1952 provide total supplies large enough for all requirements and an estimated carryover of 4.3 million bales as of August 1, 1953. Current prospects for domestic consumption and exports indicate that a 1953 crop of 13.2 million bales, 1.8 million bales below the 1951-52 average, would require the proclamation of marketing quotas on the 1954 crop as provided in the Agricultural Adjustment Act of 1938, as amended.

Determinations. On the basis of present outlook, it appears that the supply situation on cotton will require the proclamation of acreage allotments and marketing quotas on the 1954 crop in accordance with the law. The Agricultural Adjustment Act of 1938, as amended, provides that:

1. Not later than October 15, 1953, if the Secretary determines that the total supply of cotton for the marketing year beginning August 1, 1953, will exceed the normal supply for such marketing year, he shall proclaim such fact and a national marketing quota shall be in effect for the crop of cotton produced in 1954. For long-staple cotton, marketing quotas shall be in effect for the 1954 crop if the total supply exceeds the normal supply by more than 3 percent.

2. The national acreage allotment must be proclaimed not later than October 15, 1953. The latest practicable date for mailing notices to farmers before December 15, by which date the referendum must be held, is December 1, 1953. In order to be in position to determine the allotments for each farm by December 1, 1953, the large amount of work necessary to make these individual determinations must be started as soon as possible. In order to have marketing quotas effective, they must be approved by at least two-thirds of the farmers voting in the referendum.

Plan of work. It cannot be assumed that the proclamation of acreage allotments and marketing quotas on the 1954 crop of cotton will eliminate the necessity for proclamation on the 1955 crop. Hence, the work will include not only that in connection with the work on 1954-crop allotments and quotas, but also the preparatory work required on a 1955-crop program. The completion of the preparatory work for 1954 cotton allotments will be done in the fiscal year 1954. There follows a list showing the work necessary on 1954- and 1955-crop allotments and quotas.

		Crops
1.	Collecting basic data on planted acreages and yields	1954 & 1955
2.	Reconstituting farms	1954 & 1955
3.	Contacting farmers to obtain basic data	1954
4.	Computing diversion credit	1954
5.	Determining individual farm allotments and yields by local committees	1954
6.	Preparing listing sheets and allotment notices	1954
7.	Preparing allotment regulations, procedures, and forms	1954
8.	Preparing regulations, procedures, forms, etc. for marketing quota referendum	1954
9.	Holding marketing quota referendum	1954
10.	Considering appeals	1954
11.	Developing farm marketing quota forms	1954
12.	Measuring farms	1954
13.	Computing acreage	1954

This work will be required for an estimated 1,350,000 cotton farms.

(Revised)

Financial Requirements

It is estimated that $29,250,000 will be required for work in connection with establishing acreage allotments and proclaiming marketing quotas on wheat and cotton as follows:

Work	Fiscal Year 1954					
	WHEAT		COTTON		TOTAL	
	Man Years	Amount	Man Years	Amount	Man Years	Amount
1. National and State Offices:						
a. Preparing instructions, procedures, forms and correspondence, and compiling basic crop data required for determining allotments	40.8	$ 190,950	70.0	$ 327,319	110.8	$ 518,269
b. Computing and compiling National and State allotments, reviewing county acreage allotments, and supervising the determination of individual farm allotments	112.9	520,583	110.6	514,094	223.5	1,034,677
c. Supervising the referendum and compiling and determining its result.	55.5	257,950	69.9	327,319	125.4	585,269
d. Supervising the measurement and computation of planted acreages, and spot-checking acreage measurements and computations	53.0	248,618	74.4	347,931	127.4	596,549

Work	Fiscal Year 1954					
	WHEAT		COTTON		TOTAL	
	Man Years	Amount	Man Years	Amount	Man Years	Amount
e. Assisting counties in handling violations; work on penalty collections; supervision of the determination of producers' quotas, the issuing of marketing cards and the collection and disposition of penalties	59.2	$ 277,433	-	-	59.2	$ 277,433
f. Auditing county committee records	59.2	277,433	-	-	59.2	277,433
Total personal services	380.6	1,772,967	324.9	1,516,663	705.5	3,289,630
All other expenses ...		385,688		325,990		711,678
Subtotal, National and State	380.6	2,158,655	324.9	1,842,653	705.5	4,001,308
2. Analyzing background information and preparing basic acreage and production estimates (Work to be performed by Crop Reporting Service, B.A.E.)		60,000		125,000		185,000
Total Administrative Expenses, Sec.392.		2,218,655		1,967,653		4,186,308

Work	Fiscal Year 1954					
	WHEAT		COTTON		TOTAL	
	Man Years	Amount	Man Years	Amount	Years	Amount
3. County Committees:						
a. Collecting basic data from individual farmers, reconstituting farms, and reviewing, processing, and recording data	242.4	$511,560	1,673.9	$3,586,330	1,916.3	$4,097,890
b. Determining individual farm allotments	452.3	1,094,310	264.8	642,060	717.1	1,736,370
c. Reviewing allotments	121.2	244,860	83.1	188,460	204.3	433,320
d. Handling farmer appeals	315.0	710,640	166.2	378,607	481.2	1,089,247
e. Preparing and mailing notices to farmers	104.9	244,755	57.1	133,785	162.0	378,540
f. Conducting referendum	589.6	1,187,865	436.2	872,573	1,025.8	2,060,438
g. Measuring farms	1,292.3	2,701,125	1,962.7	4,094,211	3,255.0	6,795,336
h. Computing acreages	331.2	794,535	581.5	1,395,158	912.7	2,189,693
i. Preparing and issuing marketing quota notices	306.9	711,060	-	-	306.9	711,060
j. Receiving, recording and processing marketing reports, penalties etc.	589.6	1,381,065	-	-	589.6	1,381,065
Total personal services	4,345.4	9,581,775	5,225.5	11,291,184	9,570.9	20,872,959

Work	Fiscal Year 1954					
	WHEAT		COTTON		TOTAL	
	Man Years	Amount	Man Years	Amount	Man Years	Amount
Total by type of personnel:						
County Committee..	1,017.7	$2,143,260	861.9	$1,815,210	1,879.6	$3,958,470
Community Committee	1,284.2	2,470,860	2,232.7	4,295,700	3,516.9	6,766,560
All other personnel	2,043.4	4,967,655	2,130.9	5,180,274	4,174.3	10,147,929
Total personnel.	4,345.3	9,581,775	5,225.5	11,291,184	9,570.8	20,872,959
All other expenses		1,870,570		2,120,163		3,990,733
Total, Local Administration, Section 388		11,452,345		13,411,347		24,863,692
4. Printing and reproduction ...		110,000		90,000		200,000
TOTAL ESTIMATE		13,781,000		15,469,000		29,250,000

DECREASE

(2) A decrease of $1,492,531 under Project 2 due to elimination of work on production goals and reduction of work involved in assuring farmers adequate farm materials, equipment, and facilities.

The work on production goals financed from this appropriation will be eliminated in 1954. This work involved carrying the production goals program to State and county levels by indicating county crop goals for the guidance of farmers in local communities.

All work on reports and surveys on fertilizers, pesticides, equipment and other agricultural materials and facilities and assistance to farmers in procuring such items will be eliminated in 1954 on the assumption that materials and facilities will be in sufficient supply to be readily available to all producers. The work of assistance to Selective Service Boards by furnishing information on the type, scope and importance to needed agricultural production of farming operations dependent on farmers subject to the draft or those already in the armed services will be continued.

(3) A decrease of $803,250 due to elimination of the project "Determination of Cotton Acreage".

The 1952 Agricultural Appropriation Act included language providing funds for measuring acreage planted to cotton regardless of whether marketing quotas were in effect. This language was included in recognition of the need for maintaining accurate, current acreage data to be used in the event marketing quotas became necessary, in establishing individual farm allotments so as to reduce to a minimum inequities which might result in the absence of adequate data.

The funds provided were not sufficient for actual measurement of acreage. The Congress was so advised by the Department, but was assured that within available funds, every effort would be made to keep up-to-date records in lieu of actual measurement, by means of survey cards submitted by farmers to county PMA committees reporting on planted cotton acreage in production, cropland, and total land in the farm. At the request of the Department the language was eliminated from the 1953 Appropriation Act with the understanding that work on maintaining cotton acreage data would be continued.

Since it is probable that acreage allotments and marketing quotas will be required on the 1954 crop of cotton, provision for this type of cotton acreage reporting is eliminated in the 1954 Budget on the assumption that it will be necessary through other means of financing to obtain current data on cotton acreage along with other expenses necessary to administer an acreage allotment and marketing quota program on the 1954 crop of cotton.

CHANGES IN LANGUAGE AND TITLE

The estimates include proposed changes in language and title of the item as follows (new language underscored; deleted matter enclosed in brackets):

AGRICULTURAL [PRODUCTION] ADJUSTMENT PROGRAMS

Agricultural [Production] Adjustment Programs, Production and Marketing Administration - -

1. To enable the Secretary to formulate and carry out acreage allotment and marketing quota programs pursuant to provisions of Title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393), and to provide advice and assistance [in obtaining equipment, meterials, and facilities necessary to attain needed production of agricultural commodities, $10,000,000] to selective service authorities in connection with farm labor, $35,600,000, of which not more than [$3,000,000] $5,600,000 shall be transferred to the appropriation account "Administrative expenses, Section 392, Agricultural Adjustment Act of 1938"; Provided, That $5,750,000 of this appropriation shall be placed in reserve pending determination by the Secretary as to the necessity of marketing quotas for the 1954 crop of wheat and this amount shall be released in such sums and at such times as may be determined by the Bureau of the Budget to be necessary.

Changes in Language

The first change in language deletes the provisions for assistance to farmers to procure the equipment, materials, and facilities necessary to attain needed production of agricultural commodities except for advice and assistance to selective service authorities in connection with farm labor.

The second change provides that $5,750,000 of this appropriation shall be placed in reserve pending determination of the necessity for marketing quotas on the 1954 crop of wheat and that this amount shall be released at such times and in such amounts as may be determined by the Bureau of the Budget to be necessary.

(a) Agricultural Adjustment Programs

Appropriation Act, 1953		$10,000,000
Reductions pursuant to:		
Section 411	$49	
Section 412	4,170	-4,219
Adjusted appropriation, 1953, and base for 1954		9,995,781
Revised Budget Estimate, 1954		6,350,000
Decrease (due to elimination of work on production goals and cotton acreage determination and reduction of work involved in assuring farmers adequate farm materials, equipment, and facilities)		-3,645,781

PROJECT STATEMENT

Project	1952	1953 (estimated)	Decrease	1954 Revised (estimated)
1. Acreage allotments and marketing quotas	$5,734,306	$6,000,000	- -	$6,000,000
2. Production goals and assistance to farmers	3,513,787	3,192,531	-$2,842,531(1)	350,000
3. Determination of cotton acreage ..	745,392	803,250	-803,250(2)	- -
Unobligated balance	6,515	- -	- -	- -
Total available or estimate	10,000,000	9,995,781	-3,645,781	6,350,000
Reductions pursuant to Sections 411 and 412	- -	+4,219		
Total appropriation or estimate	10,000,000	10,000,000		

DECREASE

(1) A decrease of $2,842,531 under Project 2 due to elimination of work on production goals and reduction of work involved in assuring farmers adequate farm materials, equipment, and facilities.

The work on production goals financed from this appropriation will be eliminated in 1954. This work involved carrying the production goals program to State and county levels by indicating county crop goals for the guidance of farmers in local communities.

All work on reports and surveys on fertilizers, pesticides, equipment and other agricultural materials and facilities and assistance to farmers in procuring such items will be eliminated in 1954 on the assumption that materials and facilities will be in sufficient supply to be readily

available to all producers. The work of assistance to Selective Service Boards by furnishing inform tion on the type, scope and importance to needed agricultural production of farming operations dependent on farmers subject to the draft or those already in the armed services will be continued.

(2) A decrease of $803,250 due to elimination of the project "Determination of Cotton Acreage".

The 1952 Agricultural Appropriation Act included language providing funds for measuring acreage planted to cotton regardless of whether marketing quotas were in effect. This language was included in recognition of the need for maintaining accurate, current acreage data to be used in the event marketing quotas became necessary, in establishing individual farm allotments so as to reduce to a minimum inequities which might result in the absence of adequate data.

The funds provided were not sufficient for actual measurement of acreage. The Congress was so advised by the Department, but was assured that within available funds, every effort would be made to keep up-to-date records in lieu of actual measurement, by means of survey cards submitted by farmers to county PMA committees reporting on planted cotton acreage in production, cropland, and total land in the farm. At the request of the Department the language was eliminated from the 1953 Appropriation Act with the understanding that work on maintaining cotton acreage data would be continued.

Since it is probable that acreage allotments and marketing quotas will be required on the 1954 crop of cotton, provision for this type of cotton acreage reporting is eliminated in the 1954 Budget on the assumption that it will be necessary through other means of financing to obtain current data on cotton acreage along with other expenses necessary to administer an acreage allotment and marketing quota program on the 1954 crop of cotton.

CHANGES IN LANGUAGE AND TITLE

The estimates include proposed changes in language and title of the item as follows (new language underscored; deleted matter enclosed in brackets):

AGRICULTURAL [PRODUCTION] ADJUSTMENT PROGRAMS

Agricultural [Production] Adjustment Programs, Production and Marketing Administration . .

To enable the Secretary to formulate and carry out acreage allotment and marketing quota programs pursuant to provisions of title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301 - 1393), and to provide assistance in obtaining equipment, materials, and facilities necessary to attain needed production of agricultural commodities, [$10,000,000] $6,350,000, of which not more than [$3,000,000] $1,500,000 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938".

The change in title -- deletes the word "Production" and inserts "Adjustment" for the purpose of making the title more descriptive of the activities under this item.

The change in language -- is for the purpose of decreasing by $1,500,000 the limitation on the amount which may be transferred to the administrative expense account established pursuant to section 392 of the Agricultural Adjustment Act of 1938.

(b) Agricultural Production Programs

Appropriation Act, 1953		$10,000,000
Reductions pursuant to:		
Section 411	$49	
Section 412	4,170	-4,219
Adjusted appropriation, 1953, and base for 1954		9,995,781
Budget Estimate, 1954		8,000,000
Decrease (due to elimination of work involved in assuring farmers adequate farm materials, equipment, and facilities; and reduction in work in production goals)		-1,995,781

PROJECT STATEMENT

Project	1952	1953 (estimated)	Decrease	1954 (estimated)
1. Acreage allotments and marketing quotas	$5,734,306	6,000,000	--	$6,000,000
2. Production goals (and assistance to farmers, fiscal years 1952 and 1953)	3,513,787	3,192,531	-1,995,781(1)	1,196,750
3. Determination of cotton acreage	745,392	803,250	--	803,250
Unobligated balance	6,515	--	--	--
Total available or estimate	10,000,000	9,995,781	-1,995,781	8,000,000
Reductions pursuant to Sections 411 and 412	--	+4,219		
Total appropriation or estimate	10,000,000	10,000,000		

DECREASE

(1) A decrease of $1,995,781 under Project 2 due to elimination of work involved in assuring farmers adequate farm materials, equipment, and facilities; and reduction in work on production goals.

All work on reports and surveys on fertilizers, pesticides, labor, equipment and other agricultural materials and facilities and assistance to farmers in procuring such items will be eliminated in 1954 on the assumption that materials and facilities will be in sufficient supply to be readily available to all producers. However, should supplies be insufficient, it may be necessary to finance from this appropriation some work involving surveys or special assistance to farmers.

The work on production goals financed from this appropriation will be continued in 1954 on a reduced basis. National goals are established in connection with regular national programs and defense production activities. This appropriation provides for carrying the goals program to State and county levels by indicating county crop goals for the guidance of farmers in local communities. Individual farm contacts are not involved.

Production goals, balanced to represent the most effective use of land, labor, materials, and facilities in relation to needs have been used for a number of years to get the desirable level of production of the right crops. In order to assure the continued availability of farm products needed, national production capacity must be used on a selective basis. On the basis of how much acreage is needed to produce all the food and fiber necessary for the nation's welfare, goals are established for the major commodities. Within a virtually constant acreage, requirements are met by making shifts in the pattern of production in line with changing demand conditions.

Overproduction results in burdensome supplies with consequent depression in farm prices. Producing in line with needs assists in stabilizing the farm economy and eliminates the probable necessity for mandatory production adjustment programs.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of the item as follows (new language underscored; deleted matter enclosed in brackets):

> To enable the Secretary to formulate and carry out acreage allotment and marketing quota programs pursuant to provisions of title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393), and to provide assistance in obtaining equipment, materials, and facilities necessary to attain needed production of agricultural commodities, [$10,000,000] $8,000,000, of which not more than [$3,000,000] $2,685,000 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938".

The change in language is for the purpose of decreasing by $315,000 the limitation on the amount which may be transferred to the administrative expense account established pursuant to section 392 of the Agricultural Adjustment Act of 1938. This change is consistent with the decrease in the appropriation.

STATUS OF PROGRAM

In 1952 acreage allotment and marketing quota programs were in effect on only two of the basic commodities - tobacco and peanuts. For other commodities another record-breaking output was requested. There are several reasons for the need for high levels of agricultural production:

1. As a safeguard against the necessity of imposing domestic controls on food and fiber consumption.
2. To hold down inflation.
3. To successfully attain domestic and foreign objectives. Food is an instrument of national policy.
4. To provide for the direct military phases of the defense program.
5. To build up reserves of some storable commodities, particularly feed grains, which are dangerously low.
6. To provide for a rapidly increasing population. At the present rate of increase, there will be about 2.5 million more persons to feed and clothe from the 1952 crop and per capita consumption of food in this country is, on the average, 13 percent higher than it was 10 to 15 years ago.

Tobacco Acreage Allotment and Marketing Quota Program

Quotas must be proclaimed whenever the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level (normal supply plus 5 percent thereof). Regardless of the supply situation, however, legislation provides that a quota must be proclaimed for each kind of tobacco for which a quota was proclaimed in the preceding year.

The marketing quota proclamation specifies in pounds of tobacco the quantity which may be marketed during the next following marketing year. It is an amount which will make available for marketing, during that year, a supply equal to the reserve supply level. For the 1953 crop, quotas were proclaimed as follows:

Kind of Tobacco	Date Proclaimed	Number of Pounds	Number of Acres (Approx.)
Flue-cured	July 1, 1952	1,234,000,000	988,556
Burley		546,000,000	430,000
Fire-cured		65,300,000	57,000
Dark air-cured		29,800,000	26,500
Virginia sun-cured		4,854,000	4,900
Southern Maryland	October 1, 1952	42,000,000	52,900
Cigar filler and binder	" 2, 1952	77,000,000	50,500
Pennsylvania filler	" 2, 1952	48,500,000	31,700

Referendum

Within thirty days after the issuance of the proclamation of quotas, a referendum must be held. The provisions relating to tobacco

provide that in addition to voting on whether quotas are favored for a period of one year, the Secretary shall also submit the question of whether quotas are favored for a period of three years.

Farmers voting in referenda, voted as follows:

Kind of Tobacco	Date	Approved	Disapproved	Marketing Yrs. Covered
Flue-cured	7/19/52	X		1953, 1954, 1955
Burley	11/22/52	X		1953, 1954, 1955
Fire-cured	12/7/51	X		1952, 1953, 1954
Dark air-cured	12/7/51	X		1952, 1953, 1954
Virginia sun-cured	11/22/52	X		1953, 1954, 1955
Southern Maryland	10/29/52	X		1953
Cigar filler and binder	10/29/52	X		1953
Pennsylvania filler	10/29/52		X	

Termination or Increase in Quotas

The quota may be increased or terminated if, after investigation, it is determined that such action is necessary (1) to make available free of marketing restrictions a normal supply of tobacco (this must be done by March 1), (2) to meet a national emergency, and (3) to meet an increase in demand.

State Marketing Quotas and Acreage Allotments

The national marketing quota is apportioned among the States on the basis of historical production and the volume of tobacco apportioned to each State is converted to a State acreage allotment on the basis of the average yield per acre during the preceding five years adjusted for abnormal conditions of production.

There are set forth below, by States and by kinds of tobacco, the acreage allotted for 1952 and 1953:

State and Kind of Tobacco	Acreage Allotted 1952	1953 (Prelim.)	
Flue-cured			
Alabama	624	604	
Florida	23,714	23,634	
Georgia	114,426	114,208	
North Carolina	745,563	745,743	
South Carolina	129,972	130,203	
Virginia	113,231	113,134	
Reserve for new farms	-	-	(not established as of 12/17/52)
Total	1,127,530	1,127,526	

State and Kind of Tobacco	Acreage Allotted 1952	1953 (Prelim.)
Burley		
Alabama	62	47
Arkansas	94	77
Georgia	152	109
Illinois	21	9
Indiana	12,031	10,700
Kansas	214	167
Kentucky	312,214	281,283
Missouri	5,310	4,676
North Carolina	14,094	12,231
Ohio	15,556	13,810
Oklahoma	6	5
Pennsylvania	2	2
South Carolina	8	5
Tennessee	94,786	83,589
Virginia	15,937	13,987
West Virginia	4,262	3,651
Reserve for new farms	-	2,133
Total	474,749	426,481
Fire-cured		
Kentucky	22,655	22,780
Tennessee	23,506	23,638
Virginia	10,611	10,670
Reserve for new farms		286
Total	56,772	57,374
Dark air-cured		
Indiana	124	107
Kentucky	23,007	22,832
Missouri	3	1
Tennessee	3,538	3,562
Reserve for new farms	-	133
Total	26,672	26,635
Virginia sun-cured		
Virginia	4,756	4,929
Reserve for new farms	-	24
Total	4,756	4,953
Southern Maryland[1/]		
Kentucky	68	55
Maryland	48,487	52,267
North Carolina	5	5
Tennessee	16	19
Virginia	17	21
Reserve for new farms	-	529
Total	48,593	52,896

State and Kind of Tobacco	Acreage Allotted 1952	1953 (Prelim.)
Cigar filler and binder 1/		
Connecticut	11,545	12,096
Illinois	9	10
Indiana	2	3
Iowa	9	10
Massachusetts	5,704	5,948
Minnesota	411	406
New Hampshire	11	10
New York	479	444
Ohio	7,107	7,317
Pennsylvania	568	572
Vermont	12	13
Wisconsin	22,170	23,148
Reserve for new farms	-	505
Total	48,027	50,482
Pennsylvania filler 1/		
Kentucky	23	24
Maryland	5	5
Pennsylvania	30,740	31,394
Reserve for new farms	-	317
Total	30,768	31,740

1/ Quotas for 1952 crop disapproved in referenda.

Job Time Table - 1953 Crop

Job	Fiscal Year in Which Performed
Acreage Allotments	
Collecting, reviewing, and compiling basic data and reconstituting farms	1953 (July-October 1952)
Determining, computing, compiling, and reviewing farm allotments and yields	1953 (October 1952-January 1953)
Preparing and mailing notices	1953 (December 1952-January 1953)
Handling appeals	1953 (January-February 1953)
Measuring farms and computing acreages	1953-1954 (May-October 1953)
Auditing county committee records	1953-1954 (March-August 1953)
Marketing Quotas	
Referendum (for all kinds of tobacco except fire-cured and dark air-cured)	1953
Determining producers' quotas, issuing marketing quota notices and cards, handling marketing reports, violations, penalties, etc.	1954-1955 (July 1953-August 1954)
Auditing county committee records	1954-1955 (July 1953-August 1954)

Legislation

Two laws enacted during the second session of the 82d Congress will become operative beginning with the 1953 crop:

Public Law 464 approved July 8, 1952, amends the definition for "carryover" and "total supply" for Maryland tobacco, to provide for computing carryover as of January 1 following the beginning of the marketing year, instead of October 1, the beginning of the marketing year. This reduces the carryover and total supply by the disappearance of Maryland tobacco during the period October 1 and January 1, and consequently will require a larger marketing quota in order to bring the total supply to the reserve supply level.

Public Law 528 approved July 12, 1952, reduces the minimum stated acreage of burley from one acre to seven-tenths of an acre. Under present legislation, some growers are protected against having their allotments reduced below one acre (pursuant to provisions of Public Law 276, 78th Congress), while many other growers have no such protection. Farms without that protection and with allotments of one acre or less have had their allotments reduced 32 percent since 1945, while those whose small allotments were protected suffered no decrease but actually have had their acreage increased during the same period. Since the production of burley is characterized by a large number of very small acreage allotments, there was definite need for legislation to equalize among all growers the adjustments which must be made from time to time in burley acreage allotments.

Peanut Acreage Allotment and Marketing Quota Program

Proclamation of Quota

Regardless of the supply situation, a national marketing quota must be proclaimed between July 1 and December 1 of each calendar year. The national marketing quota for the 1953 crop, announced November 17, 1952, is 663,000 tons.

Amount of Quota

The amount of the national marketing quota is that quantity of peanuts which will make available from the crop with respect to which the quota is proclaimed, a supply equal to the average quantity of peanuts harvested for nuts during the five years preceding the year for which the quota is proclaimed, adjusted for current trends and prospective demand conditions.

Termination or Increase in Quotas

The quota may be terminated or increased to meet a national emergency or an increase in export demand.

National Acreage Allotment

The national marketing quota, expressed in tons of peanuts, is converted to a national acreage allotment by dividing the quota by the normal yield per acre determined on the basis of the average yield per acre in the preceding five calendar years. Adjustments are made for trends in yields and for abnormal conditions of production affecting yields during the five-year period. The national acreage allotment for 1953 is 1,678,481 acres (1,326,000,000 pounds divided by the normal yield of 790 pounds per acre).

State Acreage Allotments

The national acreage allotment is apportioned among the States on the basis of their share of the national acreage allotment for the most recent year in which an apportionment has been made.

There are set forth below, by States, the acreages allotted under the 1952 and 1953 programs:

	Acreage Allotted 1952	Acreage Allotted 1953
Alabama	226,508	227,236
Arizona	746	748
Arkansas	4,385	4,399
California	977	980
Florida	56,924	57,107
Georgia	545,171	546,925
Louisiana	2,040	2,047
Mississippi	7,853	7,878
Missouri	255	256
New Mexico	5,099	5,115
North Carolina	175,429	175,993
Oklahoma	142,705	143,164
South Carolina	14,282	14,328
Tennessee	3,704	3,716
Texas	368,980	370,166
Virginia	109,678	110,031
Reserve for new farms	8,366	8,392
Total	1,673,102	1,678,481

Job Time Table - 1953 Crop

Acreage Allotments

Job	Fiscal year in which performed
Collecting, reviewing, and compiling basic data and reconstituting farms	1953 (October 1952-May 1953)
Determining, computing, compiling, and reviewing farm allotments and yields	1953 (October 1952-May 1953)
Preparing and mailing notices	1953 (November-December 1952)
Handling appeals	1953 (January-February 1953)
Measuring farms and computing acreages	1953-1954 (March-November 1953)
Auditing county committee records	1953-1954 (March-August 1953)

Marketing Quotas

Referendum (marketing quotas were approved through 1953 marketing year in a referendum held in December 1950)	None
Determining producers' quotas, issuing marketing quota notices and cards, handling marketing reports, violations, penalties, etc.	1953, 1954, 1955 (June 1953-September 1954)
Auditing county committee records	1954 (September 1953-May 1954)

Legislation

Public Law 285, 82d Congress, approved March 28, 1952, repeals the provisions of the Agricultural Adjustment Act of 1938, as amended, which permit farmers to plant peanuts in excess of their peanut acreage allotments up to their 1947 acreage without penalty provided they market the peanuts harvested from such excess acreage through agencies designated by the Secretary of Agriculture for crushing oil. Public Law 285 also repeals the provision which provides that peanut marketing quotas shall not apply to nor interfere with the inauguration or operation of any program approved by the Secretary of Agriculture to establish new uses or expand markets for peanuts and peanut products.

Cotton Acreage Allotment and Marketing Quota Program

On October 6, 1952, it was announced that no acreage allotments or marketing quotas would be in effect on the 1953 crop of upland or long staple cotton.

Under the provisions of the Agricultural Adjustment Act of 1938, as amended, the Secretary is required to proclaim a national marketing quota by October 15 whenever he determines that the total supply of cotton for the marketing year which begins in that calendar year will exceed the "normal" supply. In the case of extra long staple cotton, a proclamation is required whenever the total supply exceeds the "normal" supply by more than 8 percent. "Normal" supply is defined in the Act as the estimated domestic consumption and exports during the marketing year plus a carry-over of 30 percent.

Upland Cotton

Total supply - 1952-53 marketing year:		
Carry-over, August 1, 1952	2,682,000	bales
Indicated production, 1952 crop	13,684,000	"
Estimated imports	85,000	"
Total	16,451,000	"
Normal supply - 1952-53 marketing year:		
Estimated domestic consumption for marketing year beginning August 1, 1952	9,410,000	"
Estimated exports for marketing year beginning August 1, 1952	4,500,000	"
Plus 30% allowance for carry-over	4,173,000	"
Total	18,083,000	"

The total supply of upland cotton is therefore 1,632,000 bales below the "normal" supply, the level at which quotas would be called for.

Extra long-staple cotton

Section 371 (b) of the Agricultural Adjustment Act of 1938, as amended, authorizes the Secretary to dispense with marketing quotas for any agricultural commodity to which the provisions of Title III of the Act are applicable, if he finds after appropriate investigation that such action is necessary to meet a national emergency or an increase in export demand for the commodity.

According to the Department's determinations, the total supply of extra long staple cotton exceeds the normal supply by more than 8 percent. However, because extra long staple cotton is a strategic raw material for national defense, marketing quotas for the 1953 crop of long staple cotton produced in the United States are not being proclaimed.

Under provision of law, the acreage planted to cotton in 1953 will be considered as part of the base acreage in establishing future cotton acreage allotments.

Legislation

Public Law 585, 82d Congress, approved July 17, 1953, amends section 347 of the Agricultural Adjustment Act of 1938, as amended, to clarify provisions pertaining to acreage allotments and marketing quotas on extra long staple cotton.

Liquidation of 1950 Cotton Marketing Quota Program

Inasmuch as the marketing year for the 1950 crop of cotton did not end until July 31, 1951, activities in connection with liquidating the 1950 program did not begin until after that date. Work performed during the fiscal year 1952 included the following:

National and State

1. Preparing procedures and instructions for the work of the PMA State and County committees,
2. Auditing and approving reports and records of farms with excess cotton acreage,
3. Preparing and issuing instructions for unsettled cases,
4. Contacting producers, ginners, and buyers regarding production, ginnings, marketings, and penalties,
5. Checking and supervising preparation of the farm record sheet for farms as constituted in 1950, with particular reference to cotton data,
6. Auditing county records,
7. Posting and checking final reports and records of farms with excess cotton acreage,
8. Preparing violation cases for possible legal action,
9. Receiving and depositing penalties, auditing requests for refunds of penalties and preparing vouchers therefor.

County

1. Posting 1950 cotton data on the farm record sheets.
2. Preparing reports and records of farms with excess cotton acreage,
3. Investigating penalty cases and closing out overplanted farm accounts, including:
   a. Adjusting farm marketing excesses,
   b. Checking ginners' and buyers' records to verify production reported by overplanted farm operators,
4. Reviewing, approving, and transmitting applications for refunds,
5. Collecting, issuing receipts for, and transmitting penalties,
6. Assisting State Office personnel in auditing records,
7. Transmitting final reports and records of farms with excess cotton acreage to the State Office,
8. Entering unpaid penalties on the debt register,
9. Assisting in investigations and preparing documents for cases investigated.

"Regulations Pertaining to Acreage Allotments and Marketing Quotas for the 1950 Crop of Cotton" provided that interest at the rate of 6 percent per annum would commence to accrue on March 16, 1951, on all unpaid cotton marketing quota penalties. In order to effect the collection of the unpaid penalty in as many cases as possible before it became necessary to process such cases for legal action, a notice was sent to operators of all farms with unpaid cotton marketing quota penalties by registered mail, return receipt requested, about April 1, 1951, again calling attention to the amount of penalty due and that interest had commenced to accrue on March 16 at the rate of 6 percent per annum. Operators were given an opportunity to remit to the county committee the penalty due plus interest within ten days from the date of the letter before action would be taken to refer the case to the State committee with a view to the institution of legal proceedings for collection.

Upon the expiration of the 10-day limit, the county committees with the assistance of the State fieldmen, screened the cases remaining unpaid for the purpose of selecting for legal action the cases in each county where (1) the violation of the regulations was so flagrant as to affect adversely the administration of present or future programs in the particular area, or (2) where the unpaid amount involved a large sum of money. When the screening of the cases had been completed, the county committee forwarded the cases selected to the State committee with a recommendation of the action to be taken to collect the amounts due.

Upon receipt of the cases from the county committees, the State committee further screened the cases with a view to selecting for legal action those cases where successful prosecution would have the most beneficial effect in particular areas or in the State.

Screening of the cases did not mean that legal action would not be taken on the cases remaining if such action became feasible. At the beginning of the fiscal year 1952 there were approximately 911 unsettled penalty cases. Settlement of 123 cases was effected during the fiscal year 1952, leaving a balance of 788 cases with penalties amounting to $66,342.61 as of the beginning of the fiscal year 1953.

The following table shows the number of unsettled cases remaining by size groups:

Group	Number	Amount
Less than $10.00	163	$ 822.77
$10.00 - $24.99	153	2,549.40
$25.00 - $49.99	172	6,291.91
$50.00 - $99.99	142	10,157.29
$100.00 - $199.99	94	13,394.65
$200.00 - $499.99	50	14,734.48
$500.00 and over	14	18,392.11
Total	788	$66,342.61

Thirty-two of the above cases have been forwarded to the Solicitor recommending legal action.

All unsettled 1950 cotton marketing quota cases will remain on the Register of Indebtedness until settlement is effected or forced collection is no longer possible because statutes of limitations have expired.

Wheat Acreage Allotment and Marketing Quota Program

On June 19, 1952, the Secretary announced that there would be no acreage allotments or marketing quotas on the 1953 crop of wheat.

The announcement followed a finding that the supply of wheat for the 1953-54 marketing year would be larger than the quantity that would normally require proclamation of marketing quotas, but that wheat production considerably larger than the quantity called for under acreage allotment provisions of the Agricultural Adjustment Act of 1938, as amended, will be needed.

It was determined that no acreage allotments and marketing quotas would be used for the 1953 crop in view of the national emergency and the need to maintain reserve supplies of wheat sufficiently large to meet unpredictable situations which may develop during a continuation of the emergency.

Corn Acreage Allotments and Marketing Quotas

On November 17, 1952, it was announced that there would be no marketing quotas or acreage allotments on the 1953 crop of corn.

In order to proclaim marketing quotas, the supply would have to total 4,244,000,000 bushels. The actual supply for 1952-53 has been established at only 3,793,000,000 bushels, which is 451,000,000 bushels less than the amount required for quotas.

It was decided to dispense with acreage allotments, as authorized by the Act, in order to help maintain a continuous and stable supply of corn during the defense emergency. Anticipated requirements for corn during the 1953-54 marketing year and the need to maintain reserve stocks at a relatively high level, require that no action be taken which might discourage the planting of an increased acreage of corn in 1953.

During the past two years, the reserve supplies of corn in the United States have been reduced by slightly more than 350,000,000 bushels. On October 1, 1952, the reserve stocks were down to 489,000,000 bushels, as compared with 739,000,000 on October 1, 1951, and 845,000,000 on October 1, 1950. Although the current rate of feeding is at or near a record level, the 1952 production of corn, as now estimated at 3,303,000,000 bushels, will provide a supply sufficient to halt the decline in reserve stocks and permit a slight improvement in the supply position at the end of the 1952-53 marketing year.

Rice Acreage Allotment and Marketing Quotas

On December 10, 1952, it was announced that there would be no acreage allotments on the 1953 crop of rice.

The supply of rice is below the quantity which would require marketing quotas under the provisions of the Agricultural Adjustment Act of 1938, as amended.

Action in dispensing with acreage allotments, as authorized by the Act, was taken in view of the unsettled political conditions in most of the surplus rice-producing countries of the world and because of prospective heavy export demand for United States rice in 1953-54. Exports have been running about 50% of estimated production in the United States.

The foreign demand for United States rice is so great that the Department found it necessary last September to put this commodity under export allocation and control.

Production Goals and Assistance to Farmers

Production Goals

Production goals are one step in the process of getting production in balance with requirements. Goals involve not only the problem of changes in total output but also shifts to crops for which the need is the most urgent.

To get the desirable level of production of the right crops from an industry as widely dispersed as agriculture requires careful advance planning on a national basis. It requires cooperation of all agencies and coordination of all activities.

Considerations which must be weighed correctly from a national basis in establishing goals include:

1. Requirements for agricultural products, both at home and abroad;
2. Capacity of the land to produce under present and probable future situations as to labor supply, machinery, fertilizer, pesticides, and other production facilities;
3. Marketing factors such as transportation, storage, processing, and containers;
4. Prices which are adequate to bring forth the needed production; and
5. Interrelationships of competing crops.

Establishment of goals is not the final step. Current review of progress must be maintained in order that programs may be developed, prices adjusted, or production or marketing facilities provided to achieve the production pattern established.

The State and County Agricultural Mobilization Committees are responsible for developing plans to carry out programs to get goal information to farmers for use in planning their operations. Agencies represented on the Committee make important contributions by working with others to carry out State and local programs to assure that all farmers:

1. Are acquainted with the goals;
2. Know why goals are set at certain levels;
3. Attempt to produce in accordance with the goals.

The goal level of production can be met only if the producer is backed by a concerted effort on the part of those who are responsible for furnishing over-all guidance.

The major production problem in 1952 was to get enough production of feed grains, especially corn, to support expected 1953 livestock numbers and to build up reserve supplies. Goals for feed grains were set at 8 percent above the 1951 level, the maximum increase considered practical. Emphasis was placed upon getting increased feed grain production in proper coordination with the grasslands program in order to keep soil depletion at a minimum and to build up soil-productive capacity, where possible, to meet the demands of a continued high level of production of feed grains.

There is a very definite need for increased production of feed grains. Present stocks of feed grains were largely accumulated from the 1948 and 1949 crops. They are down one-third from the stocks following those harvests and are the smallest since those at the end of the 1947-48 season. Carry-over reserves were reduced in both the 1950-51 and the 1951-52 feeding years, so that the stocks remaining now are too small to provide much cushion against a poor crop. In the face of prospective continued strong demand for livestock, poultry, and dairy products, it is essential that feed grain production be maintained at a high level.

The 1952 goals for most other crops were about the same as for 1951.

The table below reflects 1952 acreage goals, estimated 1952 planted acreage, and 1953 preliminary acreage goals for some of the major crops:

	1952 Goals (1,000 Acres)	1952 Estimated Planted Acres (1,000 Acres)	1953 Preliminary Goals (1,000 Acres)
Cotton	28,000	26,460	22,800
Corn	89,000	83,369	85,000
Wheat	77,940	77,541	72,000 (final)
Oats	41,600	43,052	43,000
Barley	12,865	9,567	12,000 (final)
Sorghums for grain (harvested)	10,000	5,229	10,500
Soybeans for beans (harvested)	13,000	13,906	13,500
Flaxseed	4,000	3,585	3,000
Dry edible beans	1,620	1,372	1,700
Rice	1,971	1,995	2,075
Sweet potatoes	472	343	428
Potatoes	1,475	1,438	1,443

The acreage allotments established under the Marketing Quota Programs were assumed to be the goals for tobacco and peanuts.

Assistance to Farmers

The program for increased production has been implemented by a program of assistance to farmers in obtaining the needed production materials and facilities. In connection with this phase of the program, farmers have been given assistance in getting labor, pesticides, fertilizers, equipment, machinery, and other items needed to bring crops through harvest.

Farm Labor - Availability of manpower is a major factor affecting production. Experience has proven that agriculture is the first to feel the impact of expanding industrial employment. This, coupled with the induction of men into the armed forces, could at any time create a manpower situation that would jeopardize the continued high production of food and fiber.

The Department participated in getting an established policy with respect to the recruitment of agricultural workers both for industry and the armed forces. The policy established by Defense Manpower Policy No. 6 is to minimize the effect of reduction of workers, especially year-round and key workers in skilled categories where shortages are becoming progressively more acute by taking and encouraging the taking of action which will aid in achieving the following objectives:

1. Providing information on production plans and programs, manpower requirement estimates and production progress to manpower agencies for use in program planning and recruitment campaigns.

2. Providing production information to Selective Service, employers, and registrants for use in Selective Service classification.

3. Carrying out programs to assure fullest use of manpower by providing supplies of equipment, repair parts, fertilizers, pesticides, and other production goods at the right places at the right times.

Materials and Facilities - The Production and Marketing Administration, as claimant agency for agriculture, develops requirements for the materials and facilities, including equipment and supplies, needed to produce, harvest, process, package and distribute food and fiber and presents these claims to appropriate control agencies.

State Committees submit periodic appraisals on the following materials and facilities - farm machinery and equipment, construction materials, general farm supplies, repair shop supplies, irrigation water equipment, processing materials, fertilizers, pesticides, containers, fuels, electrical and transportation equipment.

The appraisal includes the following types of information:

1. Any shortages of needed materials and facilities (existing or anticipated);
2. Any difficulties or dislocations in the normal pattern of distribution (existing or anticipated);
3. The distribution level at which the shortage or difficulty exists or is in prospect;
4. The extent of the shortage or difficulty;
5. The probable cause of the shortage or difficulty;
6. Estimate of probable duration of the situation reported;
7. Extent of shortage or difficulty - whether it applies to all materials or facilities of a given type or to specialized products only;
8. An objective estimate of the degree to which the shortage or distribution difficulties are likely to adversely affect agricultural production;
9. Any indications of unexpected abundance or surplus of key materials or facilities which are considered generally to be in short supply.

This type of information enables the Department to develop programs to divert materials and facilities to deficit areas and to make themaximum use of available supplies thereof.

Fertilizers and Pesticides

Continuing studies are made of the fertilizer and pesticide situation to determine requirements and methods of making the best use of the available supply.

Maintenance of Cotton Acreage Data

The 1952 appropriation act included language providing $1,000,000 for measuring acreage planted to cotton regardless of whether marketing quotas were in effect. This language was included in recognition of the need for maintaining accurate, current acreage data to be used in the event marketing quotas became necessary in establishing individual farm allotments so as to reduce to a minimum inequities which might result in the absence of adequate data.

The funds provided were not sufficient for actual measurement of acreage. The Congress was so advised by the Department but was assured that within available funds, every effort would be made to keep up to date records in lieu of actual measurement. At the request of the Department the language was eliminated from the 1953 appropriation act with the understanding that work on maintaining cotton acreage data would be continued.

The procedure for determining the 1951 cotton acreage on individual farms provided the following:

1. A survey card was furnished by the county PMA committee to each farm having a 1950 cotton acreage allotment or any other farm on which cotton was planted in 1951.

2. The owner or operator of each farm was asked to return the survey card to the County PMA committee reporting the 1951 planted cotton acreage and production, cropland, and total land in farm.

3. The owner or operator was given an opportunity to indicate on the card whether he desired that the 1951 cotton acreage be measured by the county PMA committee as his expense. If he so indicated, the county PMA committee designated a performance reporter to measure the cotton acreage on the farm, provided the owner or operator paid the actual cost of this service.

4. After a reasonable length of time the county PMA committees were instructed to check their list of owners and operators reporting 1951 cotton acreage on the survey card. Those not reporting during such period were given a second opportunity by the county PMA committee by mailing them another survey card.

5. The county committee arranged for a review of the acreage reported on the cards by the community committee if overstatements of acreage were apparent. If the community committee believed that the actual acreage on a farm was different from the reported acreage, a notation showing the committee's estimated acreage was made on the card and the owner or operator advised of such estimated acreage.

Program Administration

The Agricultural Production Programs are administered in the county by elected county and community committeemen and in the State by a State Committee appointed by the Secretary, which is composed of resident farmers.

Administrative expense allocations to States are based upon workload indicators for the previous year adjusted to reflect any contemplated changes in program operations.

A weight is assigned to each factor to be used in arriving at the total financial requirements for State and county office operations and funds are distributed among the States on that basis.

The following tables set forth the workload data derived from operating statistics upon which fiscal year 1953 allocations were based for Tobacco and Peanut Acreage Allotment and Marketing Quota Programs and for Production Goals and Assistance to Farmers.

Production and Marketing Administration
Production Goals and Assistance Programs
Workload Data for Fiscal Year 1952

STATE	Commodities for which Goals Established	County Goals Established for Individual Commodities	Number of Counties for Which Goals Established	Draft or Discharge Cases on Which Report Made	Surveys and Reports on Critical Materials	Requests for Priority Ratings, Crawler Tractors Processed
Connecticut	3	-	-	2	18	6
Delaware	10	6	3	1	15	6
Maine	6	48	16	6	10	-
Maryland	14	-	45	2	17	18
Massachusetts	4	2	10	8	6	10
New Hampshire	8	-	10	6	20	2
New Jersey	7	-	20	12	12	12
New York	11	14	33	19	85	200
Pennsylvania	12	7	67	45	22	75
Rhode Island	3	15	5	20	14	-
Vermont	7	22	14	260	25	10
Virginia	20	-	99	5	40	60
West Virginia	6	3	14	20	8	12
Northeast Area	111	117	336	406	292	411
Alabama	11	162	67	13	15	43
Arkansas	15	127	71	50	15	40
Florida	9	2	45	25	20	125
Georgia	14	154	154	12	18	25
Louisiana	14	2	15	4	36	60
Mississippi	13	246	82	2	10	38
North Carolina	9	655	100	407	19	120
South Carolina	11	5	46	5	18	60
Tennessee	17	3	95	5,300	20	57
Southeast Area	113	1,356	675	5,818	171	568
Illinois	6	585	102	50	26	65
Indiana	4	368	92	15	14	20
Iowa	12	770	100	200	18	49
Kentucky	8	357	120	2	14	45
Michigan	20	-	-	28	6	10
Missouri	13	698	114	100	35	100
Ohio	14	7	88	15	16	19
Wisconsin	-	-	-	5	15	13
Midwest Area	77	2,785	616	415	144	321
Arizona	17	3	14	35	23	175
California	17	4	-	50	10	750
Colorado	11	6	56	10	40	40
Kansas	16	5	105	20	18	116

STATE	Commodities for which Goals Established	County Goals Established for Individual Commodities	Number of Counties for Which Goals Established	Draft or Discharge Cases on Which Report Made	Surveys and Reports on Critical Materials	Requests for Priority Ratings, Crawler Tractors Processed
Nevada	4	-	-	16	15	10
New Mexico	11	9	31	25	399	25
Oklahoma	16	4	77	7	23	68
Texas	78	1,075	240	25	25	275
Utah	14	29	29	5	16	40
Southwest Area	184	1,135	552	193	569	1,499
Idaho	6	6	43	10	19	200
Minnesota	10	89	89	38	23	75
Montana	13	2	56	15	17	200
Nebraska	10	200	93	20	7	25
North Dakota	11	7	53	65	18	100
Oregon	7	2	36	5	20	70
South Dakota	9	300	67	3	15	6
Washington	8	277	39	17	53	78
Wyoming	9	175	23	12	48	20
Northwest Area	83	1,058	499	185	220	774
Total States	568	6,451	2,678	7,017	1,396	3,573

Production and Marketing Administration
Tobacco Acreage Allotments and Marketing Quotas
Workload Data for Fiscal Year 1952

STATE	Number of Counties With Program	Number of Farms	Number of Allotments	Number of Appeals	Crop Acreage	Number of Marketing Quota Items Handled: Marketing Cards	Memoranda of Sale	Buyer, Dealer & Warehouse Reports	Violations	Farms Planted in Excess of Allotment	Penalties and Refunds
Connecticut	4	1,446	1,596	-	11,540	1,726	3,883	200	6	35	30
Delaware	-	-	-	-	-	-	-	-	-	-	-
Maine	-	-	-	-	-	-	-	-	-	-	-
Maryland	13	6,223	6,223	400	54,000	-	-	-	-	-	-
Massachusetts	3	1,008	1,008	12	5,706	1,008	1,050	100	1	12	9
New Hampshire	1	6	6	-	11	1	1	-	-	-	-
New Jersey	-	-	-	-	-	-	-	-	-	-	-
New York	6	226	226	4	292	117	200	20	10	12	15
Pennsylvania	16	6,898	6,898	10	35,147	200	570	20	5	17	30
Rhode Island	-	-	-	-	-	-	-	-	-	-	-
Vermont	1	1	1	-	12	1	-	-	-	-	-
Virginia	67	59,778	52,408	18	142,398	79,440	310,448	10,838	3,455	2,267	4,800
West Virginia	21	4,344	4,344	10	4,275	4,500	8,500	95	90	279	25
Northeast Area	132	79,930	72,710	454	253,381	86,993	324,652	11,273	3,567	2,622	4,909
Alabama	14	276	276	5	686	300	500	-	10	25	30
Arkansas	5	87	87	-	97	87	150	30	2	2	2
Florida	31	7,500	7,375	93	23,500	10,000	30,000	450	150	150	450
Georgia	90	30,904	29,776	19	110,000	33,800	137,500	4,758	683	927	3,733
Louisiana	-	-	-	-	-	-	-	-	-	-	-
Mississippi	-	-	-	-	-	-	-	-	-	-	-
North Carolina	95	159,300	142,287	210	759,650	221,000	1,612,000	38,600	3,850	9,600	65,300
South Carolina	38	111,000	26,949	25	129,972	39,000	194,999	47,222	1,200	3,056	1,000
Tennessee	82	104,000	106,016	250	121,800	118,000	360,000	3,000	1,000	5,900	1,500
Southeast Area	355	413,067	312,766	602	1,145,705	422,187	2,335,149	94,060	6,695	19,660	72,015

STATE	Number of Counties With Program	Number of Farms	Number of Allotments	Number of Appeals	Crop Acreage	Number of Marketing Quota Items Handled: Marketing Cards	Memoranda of Sale	Buyer, Dealer & Warehouse Reports	Violations	Farms Planted in Excess of Allotment	Penalties and Refunds
Illinois	5	45	45	-	15	20	25	-	2	3	2
Indiana	44	10,036	9,824	30	10,212	10,975	16,500	25	45	478	50
Iowa	1	1	1	-	9	1	1	1	-	-	-
Kentucky	120	184,369	185,295	75	357,925	194,132	484,687	34,435	575	6,769	10,228
Michigan	-	-	-	-	-	-	-	-	-	-	-
Missouri	47	2,039	2,039	125	5,300	2,200	3,000	25	5	35	75
Ohio	36	13,244	13,463	100	17,553	11,588	19,000	100	120	542	50
Wisconsin	21	8,317	8,317	45	15,641	6,200	18,000	110	60	163	500
Midwest Area	274	218,051	218,984	375	406,655	225,116	541,213	34,696	807	7,990	10,905
Arizona	-	-	-	-	-	-	-	-	-	-	-
California	-	-	-	-	-	-	-	-	-	-	-
Colorado	-	-	-	-	-	-	-	-	-	-	-
Kansas	8	105	101	4	206	68	150	-	1	4	2
Nevada	-	-	-	-	-	-	-	-	-	-	-
New Mexico	-	-	-	-	-	-	-	-	-	-	-
Oklahoma	1	1	1	-	6	1	1	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-	-	-
Utah	-	-	-	-	-	-	-	-	-	-	-
Southwest Area	9	106	102	4	212	69	151	-	1	4	2
Idaho	-	-	-	-	-	-	-	-	-	-	-
Minnesota	7	222	222	-	237	106	250	30	1	10	10
Montana	-	-	-	-	-	-	-	-	-	-	-
Nebraska	-	-	-	-	-	-	-	-	-	-	-
North Dakota	-	-	-	-	-	-	-	-	-	-	-
Oregon	-	-	-	-	-	-	-	-	-	-	-
South Dakota	-	-	-	-	-	-	-	-	-	-	-
Washington	-	-	-	-	-	-	-	-	-	-	-
Wyoming	-	-	-	-	-	-	-	-	-	-	-
Northwest Area	7	222	222	-	237	106	250	30	1	10	10
Total States	777	711,376	604,784	1,435	1,806,190	734,471	3,201,415	140,059	11,271	30,286	87,841

Production and Marketing Administration
Peanut Acreage Allotments and Marketing Quotas
Workload Data for Fiscal Year 1952

STATE	Number of Counties With Program	Number of Farms	Number of Allotments	Number of Appeals	Crop Acreage	Number of Marketing Quota Items Handled					
						Marketing Cards	Memoranda of Sale	Buyer, Dealer & Warehouse Reports	Violations	Farms Planted in Excess of Allotment	Penalties and Refunds
Connecticut											
Delaware											
Maine											
Maryland											
Massachusetts											
New Hampshire											
New Jersey											
New York											
Pennsylvania											
Rhode Island											
Vermont											
Virginia	26	10,838	9,425	50	146,983	12,500	59,000	1,400	820	4,512	525
West Virginia	-	-	-	-	-	-	-	-	-	-	-
Northeast Area	26	10,838	9,425	50	146,983	12,500	59,000	1,400	820	4,512	525
Alabama	54	21,251	21,251	50	227,570	31,000	110,000	400	500	6,000	500
Arkansas	27	564	564	0	4,710	564	600	30	4	24	24
Florida	29	8,342	7,025	45	200,000	10,000	35,000	500	300	1,000	400
Georgia	99	41,112	40,763	60	735,000	55,300	170,000	9,116	1,600	14,500	14,500
Louisiana	9	170	170	0	305	32	0	0	0	0	5
Mississippi	61	2,800	2,760	0	4,200	0	0	0	0	0	0
North Carolina	44	24,200	19,750	65	193,178	24,000	73,000	1,200	250	9,500	8,500
South Carolina	33	3,229	2,730	5	14,800	5,000	2,000	200	35	150	35
Tennessee	19	835	835	5	3,817	900	2,600	200	30	85	100
Southeast Area	375	102,503	95,848	230	1,383,580	126,796	393,200	11,646	2,719	31,259	24,064

STATE	Number of Counties With Program	Number of Farms	Number of Allotments	Number of Appeals	Crop Acreage	Number of Marketing Quota Items Handled: Marketing Cards	Memoranda of Sale	Buyer, Dealer & Warehouse Reports	Violations	Farms Planted in Excess of Allotment	Penalties and Refunds
Illinois											
Indiana											
Iowa											
Kentucky											
Michigan											
Missouri	1	2	2	0	250	2	10	0	0	0	0
Ohio	-	-	-	-	-	-	-	-	-	-	-
Wisconsin	-	-	-	-	-	-	-	-	-	-	-
Midwest Area	1	2	2	-	250	2	10	-	-	-	-
Arizona	1	4	4	2	801	4	0	0	0	0	0
California	3	61	16	0	3	1	1	1	0	0	0
Colorado	-	-	-	-	-	-	-	-	-	-	-
Kansas	-	-	-	-	-	-	-	-	-	-	-
Nevada	-	-	-	-	-	-	-	-	-	-	-
New Mexico	3	481	460	10	5,414	560	4,000	49	25	196	35
Oklahoma	51	21,689	21,689	20	142,705	30,000	65,000	16	40	7,800	200
Texas	141	30,035	30,035	56	396,369	58,340	48,000	959	50	12,000	2,350
Utah	-	-	-	-	-	-	-	-	-	-	-
Southwest Area	199	52,270	52,204	88	545,292	88,905	117,001	1,025	115	19,996	2,585
Idaho											
Minnesota											
Montana											
Nebraska											
North Dakota											
Oregon											
South Dakota											
Washington											
Wyoming											
Northwest Area											
Total States	601	165,613	157,479	368	2,076,105	228,203	569,211	14,071	3,654	55,767	27,174

SUGAR PROGRAM

Purpose Statement

The principal objectives of the sugar program, carried out under the Sugar Act of 1948, as amended, are to protect the welfare of domestic producers and to provide consumers with adequate supplies of sugar at reasonable prices. The attainment of these objectives involves the determination of United States consumption requirements, the administration of quotas to regulate imports of sugar produced in foreign areas and marketing of sugar produced in domestic areas, and the making of payments to domestic producers of sugar beets and sugar cane.

The continental United States produces sugar from both sugar beets and sugar cane. Additional quantities of sugar are produced from sugar cane in Hawaii, Puerto Rico, and the Virgin Islands. The domestic sugar output, produced at a higher cost per unit than in foreign areas, falls far short of meeting the nation's requirements. To meet total needs, the United States must import substantial quantities of sugar from foreign areas, mainly from Cuba and the Philippines.

If unlimited quantities of sugar were permitted entry into the continental United States from Cuba, the Philippines, and other foreign countries, prices to domestic consumers under ordinary circumstances could be expected to be slightly lower. However, under the present wage standards in domestic producing areas, unlimited imports (unless accompanied by a substantially higher tariff) would place domestic producers in an extremely difficult, if not impossible, competitive position, or would force drastic wage reductions in domestic areas. Moreover, the economy of most of the domestic cane sugar-producing areas is dependent on sugar-producing crops for which there is no feasible alternative.

Quotas - The Sugar Act of 1948, as amended, provides the quota system to balance supply with demand. Under quotas, the Secretary of Agriculture, as authorized by the Act, determines at the end of each calendar year the consumption requirements for the coming year. The consumption requirements for the calendar year 1953 have been established at 7,700,000 short tons, raw value.

The quota provisions of Public Law 140, 82nd Congress, approved September 1, 1951, became effective January 1, 1953. Basic 1952 calendar year quotas, under existing legislation, for the five domestic producing areas - domestic beet, mainland cane, Hawaii, Puerto Rico, and the Virgin Islands - total 4,268,000 tons and for the Philippines, 974,000 tons. Additional imports to meet 1952 requirements were apportioned on the basis of 98.64 percent to Cuba and 1.36 percent to a group of other foreign countries. Effective January 1, 1953, basic quotas for the five domestic producing areas total 4,444,000 tons and for the Philippines, 974,000 tons. The additional requirements will be apportioned on the basis of 96 percent to Cuba and 4 percent to foreign countries other than Cuba and the Republic of the Philippines.

Production Adjustment - The Act provides that if production in any area will be greater than the quantities necessary to fill quotas and provide a normal carry-over inventory, restrictive proportionate shares, expressed in acres or sugar, shall be established. A restrictive program is designed to result in the production of sugar to meet the quota and provide normal carry-over for the area. The quota for the area is divided among individual growers, and as one of the conditions for payment, production must not exceed the proportionate share.

Payments - Domestic producers of sugar beets receive conditional payments averaging about $2.50 per ton of beets. For producers of sugar cane the payments within the various domestic producing areas range from about 80 cents to $1.62 per ton of cane. The Sugar Act imposes a special tax of 50 cents per hundredweight of sugar, raw value, on all manufactured sugar from sugar beets or sugar cane either produced in or brought into the continental United States.

Revenue - From the inception of the program in the 1938 fiscal year through the fiscal year 1952, $1,053,162,686 of sugar excise and import taxes have been collected while expenditures under the program have amounted to only $802,233,655.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds	$64,998,776	~~$64,700,000~~ $59,645,000

(b) Sugar Act Program

Appropriation Act, 1953		65,000,000
Reduction pursuant to:		
Section 411	$765	
Section 412	459	-1,224
Adjusted appropriation, 1953, and base for 1954		64,998,776
Revised Budget Estimate, 1954		59,645,000
Decrease		-5,353,776

SUMMARY OF DECREASES, 1954

A decrease in mandatory payments to sugar producers for the 1953 crop	-5,298,776
A decrease in administrative expenses by reducing operations to minimum level	-55,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increases or Decreases	1954 Revised (estimated)
1. Payments to sugar producers:				
(a) Continental beet area	25,919,785	32,706,776	-$8,692,552	$24,014,224
(b) Continental cane area	8,968,000	5,815,000	+1,649,000	7,464,000
(c) Offshore cane area	33,631,876	24,978,224	+1,744,776	26,723,000
Total Payments	68,519,661	63,500,000	-5,298,776	58,201,224
			(1)	
2. Operating expenses	1,480,339	1,498,776	(2) -55,000	1,443,776
Total available or estimate	70,000,000	64,998,776	-5,353,776	59,645,000
Reduction pursuant to Sections 411 and 412	- -	+1,224		
Total appropriation or estimate	70,000,000	65,000,000		

INCREASES AND DECREASES

A decrease of $5,353,776 in this item for 1954 consisting of:

(1) Decrease of $5,298,776 for conditional payments to sugar producers on 1953 crop.

The 1953 Agricultural Appropriation Act provided $63,500,000 for payments to producers. The production of sugar from the 1952 crop is now estimated at 4,319,450 short tons, raw value. Based on statutory rates provided in the Sugar Act of 1948, conditional payments thereunder will require a total of $60,509,000 for the 1952 crop, $3,537,776 of which was made available from the 1952 appropriation. Funds not required for 1952 crop payments out of the 1953 appropriation will be used for payments on the 1953 crop, thereby

reducing the amount required to be appropriated in the 1954 Agricultural Appropriation Bill.

The production of sugar from the 1953 crop is estimated at 4,599,000 tons, an increase of 279,550 tons over the 1952 crop. Payments to producers with respect to a 1953 crop production of 4,599,000 tons are estimated at $64,730,000.

The following tables indicate the source of financing, payments to producers by areas, tonnage of production and the number of payees under the 1951, 1952, and 1953 programs:

Source of Financing

Crop Year	Appropriation, 1952	Appropriation, 1953	Budget Estimate, 1954	Increase or decrease, 1954 compared with 1953	Total on program year basis
1950 crop program	$4,353,000	- -	- -	- -	- -
1951 crop program	60,628,885	- -	- -	- -	$60,628,885
1952 crop program	3,537,776	$56,971,224	- -	-56,971,224	60,509,000
1953 crop program	- -	6,528,776	$58,201,224	+51,672,448	64,730,000
Total program payments	68,519,661	63,500,000	58,201,224	-5,298,776	- -

Payments to Producers

Area of Production	1951 Crop	1952 Crop (Estimated)	1953 Crop (Estimated)	Increase or decrease, 1953 compared with 1952
Payments to sugar producers:				
Continental sugar beet area	$25,919,785	$26,178,000	$30,543,000	$+4,365,000
Continental sugar cane area	6,468,000	8,315,000	7,464,000	-851,000
Hawaii	9,143,100	9,440,000	10,147,000	+707,000
Puerto Rico	19,000,000	16,410,000	16,410,000	- -
Virgin Islands	98,000	166,000	166,000	- -
Total	60,628,885	60,509,000	64,730,000	+4,221,000

Production
(Short tons, raw value)

Area	1951 Crop	1952 Crop (estimated)	1953 Crop (estimated)	Increase or decrease 1953 compared with 1952
Continental sugar beet area	1,540,000	1,540,000	1,800,000	+260,000
Continental sugar cane area	419,000	557,000	500,000	-57,000
Hawaii	996,000	1,020,450	1,097,000	+76,550
Puerto Rico	1,372,000	1,190,000	1,190,000	- -
Virgin Islands	7,400	12,000	12,000	- -
Total	4,334,400	4,319,450	4,599,000	+279,550

Payees

Area of Production	1951 Crop	1952 Crop (estimated)	1953 Crop (estimated)
Number of payees:			
Continental sugar beet area	41,439	42,000	50,000
" " cane "	8,781	10,250	10,250
Hawaii	1,199	1,199	1,199
Puerto Rico	17,034	19,000	19,000
Virgin Islands	511	511	511
Total	68,964	72,960	80,960

(2) Decrease of $55,000 in administrative expenses

The reduction of $55,000 is attributable to economies that will be made by reducing to a minimum level Washington and field operations.

CHANGE IN LANGUAGE

The estimates include proposed changes in language of this item as follows (new language underscored; deleted matter enclosed in brackets):

> To enable the Secretary to carry into effect the provisions of the Sugar Act of 1948 (7 U.S.C. 1101-1160), [$65,000,000] $59,645,000, to remain available until June 30 of the next succeeding fiscal year: Provided, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed [$1,500,000] $1,445,000.

The proposed change in language decreases the amount of the administrative expense limitation from $1,500,000 to $1,445,000, consistent with the reduction proposed in the estimates for operating expenses.

(c) Sugar Act Program

Appropriation Act, 1953		$65,000,000
Reductions pursuant to:		
Section 411	$765	
Section 412	459	-1,224
Adjusted appropriation, 1953, and base for 1954		64,998,776
Budget Estimate, 1954		64,700,000
Decrease		-298,776

SUMMARY OF INCREASES AND DECREASES, 1954

A decrease in mandatory payments to sugar producers for the 1953 crop	-348,776
To increase administrative expenses incident to establishment and implementation of restrictive proportionate shares in Puerto Rico	+50,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increases or Decreases	1954 (estimated)
1. Payments to sugar producers:				
(a) Continental beet area	$27,928,661	$29,175,000	-$625,000	$28,550,000
(b) Continental cane area	6,800,000	8,415,000	-925,000	7,490,000
(c) Offshore cane area	33,791,000	25,910,000	+1,201,224	27,111,224
Total payments	68,519,661	63,500,000	-348,776	63,151,224
2. Operating expenses	1,480,339	1,498,776	+50,000	1,548,776
Total available or estimate	70,000,000	64,998,776	-298,776	64,700,000
Reduction pursuant to Sections 411 and 412	- -	+1,224		
Total appropriation or estimate	70,000,000	65,000,000		

INCREASES AND DECREASES

(1) Decrease of $348,776 for conditional payments to sugar producers on 1953 crop.

The 1953 Agricultural Appropriation Act provided for $63,500,000 for payments to producers. The production of sugar from the 1952 crop is now estimated at 4,389,000 short tons, raw value. Based on statutory rates provided in the Sugar Act of 1948, conditional payments thereunder will require a total of $61,000,000. The balance of $2,500,000 will be used for payments on the 1953 crop, thus reducing the amount required to be appropriated in the 1954 Agricultural Appropriation Bill.

The production of sugar from the 1953 crop is estimated at 4,559,000 tons, an increase of 170,000 tons over the 1952 crop. Payments to producers with respect to a 1953 crop production of 4,559,000 tons are estimated at $65,651,224.

The following tables indicate the source of financing, payments to producers by areas, tonnage of production and the number of payees under the 1951, 1952, and 1953 programs:

Source of Financing

Crop Year	Appropriation, 1952	Appropriation, 1953	Budget Estimate, 1954	Increase or decrease, 1954 compared with 1953	Total on program year basis
1950 crop program ...	$4,550,000	- -	- -	- -	- -
1951 crop program ...	61,469,661	- -	- -	- -	$61,469,661
1952 crop program ...	2,500,000	$61,000,000	- -	-$61,000,000	63,500,000
1953 crop program ...	- -	2,500,000	63,151,224	+60,651,224	65,651,224
Total program payments ...	68,519,661	63,500,000	63,151,224	-348,776	- -

Payments to Producers

Area of Production	1951 Crop	1952 Crop (estimated)	1953 Crop (estimated)	Increase or decrease, 1953 compared with 1952
Payments to sugar producers:				
Continental sugar beet area	$26,428,661	$28,175,000	$31,050,000	+$2,875,000
Continental sugar cane area	6,800,000	8,415,000	7,490,000	-925,000
Hawaii	9,143,000	10,970,000	10,971,224	+1,224
Puerto Rico	19,000,000	15,755,200	15,974,000	+218,800
Virgin Islands ...	98,000	184,800	166,000	-18,800
Total	61,469,661	63,500,000	65,651,224	+2,151,224

Production
(Short tons, raw value)

Area	1951 Crop	1952 Crop (estimated)	1953 Crop (estimated)	Increase or decrease, 1953 compared with 1952
Continental sugar beet area	1,550,000	1,610,000	1,800,000	+190,000
Continental sugar cane area	419,000	550,000	500,000	-50,000
Hawaii	996,000	1,097,000	1,097,000	- -
Puerto Rico	1,372,000	1,120,000	1,150,000	+30,000
Virgin Islands	7,400	12,000	12,000	- -
Total	4,344,400	4,389,000	4,559,000	+170,000

Payees

Area of Production	1951 Crop	1952 Crop (estimated)	1953 Crop (estimated)
Number of Payees:			
Continental sugar beet area	41,766	42,000	50,000
Continental sugar cane area	10,250	10,250	10,250
Hawaii	1,199	1,199	1,199
Puerto Rico	17,034	18,000	18,000
Virgin Islands	511	511	511
Total	70,760	71,960	79,960

(2) Increase of $50,000 for administrative expenses incident to establishment and implementation of restrictive proportionate shares in Puerto Rico.

Need for Increase: Proportionate shares for sugar cane farms must be established for each crop since marketing within such shares constitutes a condition for payments to producers under the Sugar Act Program. Restrictive proportionate shares are required in any area when the production will be greater than the quantities necessary to fill the sugar quotas effective for the area and provide a normal carryover inventory for such area. Marketings of sugar cane from the 1952-53 Puerto Rican crop will be restricted in order to attain a better balance between sugar production and marketings and to avoid excessive carryover stocks at the end of 1953. Moreover, it now appears inevitable that restrictive proportionate shares with respect to the 1953-54 Puerto Rican crop will have to be imposed to limit sugar production to marketing quotas for that area.

Plan of Work: The increase of $50,000 in administrative expense limitation is requested for checking compliance with 1952-53 proportionate shares in Puerto Rico and for establishing proportionate shares for the 1953-54 crop.

This work involves the determination of an individual marketing quota for approximately 17,500 farms on the basis of the formula prescribed in the proportionate share determination, the dissemination of individual quotas, reallotment of deficits in farm marketings, verification of production against individual quotas and marketing tolerance and the calculation of the quantity of sugar on which Sugar Act payments may be made. Other workload problems involve the administration of the special provisions of the proportionate share determination which are designed to protect the interests of share croppers, share tenants, new and small growers and the handling and processing of appeals.

CHANGE IN LANGUAGE

The estimates include proposed changes in language of this item as follows (new language underscored; deleted matter enclosed in brackets):

> To enable the Secretary to carry into effect the provisions of the Sugar Act of 1948 (7 U.S.C. 1101-1160), [$65,000,000] <u>$64,700,000</u>, to remain available until June 30 of the next succeeding fiscal year: Provided, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed [$1,500,000] <u>$1,550,000</u>.

The <u>proposed change</u> in language increases the amount of the administrative expense limitation from $1,500,000 to $1,550,000 to provide for the establishment and implementation of restrictive proportionate shares in Puerto Rico as explained in more detail above.

STATUS OF PROGRAM

The program carried out pursuant to the provisions of the Sugar Act insures an adequate supply of sugar at reasonable prices, maintains a healthy and competitive domestic sugar industry of limited size and contributes to the economic and political stability of our natural foreign supply areas, thus improving our import and export trade in other commodities.

Consumer Requirements

The Act provides that the Secretary of Agriculture shall determine, in December of each year, the consumer requirements for the succeeding year. This determination may be revised during the course of the year as actual consumption requirements warrant.

The following factors are used in determining consumer requirements:

1. Level of consumption during preceding year;
2. Deficiency or surplus in inventories of sugar;
3. Level and trend of consumers' purchasing power;
4. Changes in population and demand conditions;
5. Relationship of wholesale refined sugar prices to the consumers' price index for two periods:
   a. The calendar year for which the consumer requirement determination is made, and
   b. The period between January-October 1947.

Sugar Requirements and Distribution

Based upon consumption requirements, statutory quotas in terms of absolute quantities for the domestic areas and the Philippines are established. The shares of Cuba and other foreign countries are expressed as a residual. The quotas for the calendar year 1951 were decreased from 8,250,000 short tons to 7,900,000 as a result of a decline in demand resulting from the utilization of excessive inventories built up during the preceding inflationary period. The 1952 quotas were established at 7,700,000 short tons, 400,000 tons less than the quotas would have been had not a price stimulus been needed.

Basic and adjusted quotas for the calendar years 1951 and 1952 are shown in the following table:

Production Area	1951 Quotas final		1952 Quotas as of 7/18/52	
	Basic	Adjusted	Basic	Adjusted
		Short tons	(raw value)	
Domestic beet	1,800,000	1,700,000	1,800,000	1,600,000
Mainland cane	500,000	500,000	500,000	524,810
Hawaii	1,052,000	962,000	1,052,000	1,052,000
Puerto Rico	910,000	956,479	910,000	955,155
Virgin Islands	6,000	6,306	6,000	6,298
Philippines	982,000	782,000	974,000	774,000
Cuba	2,613,960	2,947,175	2,424,571	2,744,308
Other foreign countries	36,040	46,040	33,429	43,429
Total	7,900,000	7,900,000	7,700,000	7,700,000

Estimating Marketing Allotments

The Act provides that marketing allotments be established for any area, if necessary to afford each processor an opportunity to market his fair share of the area's quota and to avoid disorderly marketing. A marketing allotment program is in effect for Puerto Rico with respect to the calendar year 1952 and such a program is contemplated for the area in calendar year 1953.

Establishing Restrictive Proportionate Shares

Proportionate shares for sugar cane farms must be established for each crop, since marketing within such shares constitutes a condition for payments to producers under the Sugar Act. Restrictive proportionate shares are required in any area when indications are that production will be greater than the quantities necessary to fill the sugar quotas for the area and provide a normal carry-over inventory for such area. Marketings of sugar cane from the 1952-53 Puerto Rican crop will be restricted in order to attain a better balance between sugar production and marketing quotas. Moreover, it now appears inevitable that restrictive proportionate shares with respect to the 1953-54 Puerto Rican crop must be continued to prevent the accumulation of stocks in excess of marketing quotas and carry-over requirements.

Payments to Producers

Pursuant to Title III of the Sugar Act of 1948, conditional payments totaling nearly $60,000,000 were made to about 70,000 sugar beet and sugar cane producers in 23 States and in Hawaii, Puerto Rico and the Virgin Islands with respect to the crop year 1951. These producers qualified for payments by meeting certain standards with respect to child labor, wage rates, proportionate shares established for the farms, and in the case of processor-producers, payment of fair and reasonable prices for sugar beets or sugar cane purchased from other producers. Included in these payments was about $2,600,000 for partial crop losses covering bona fide acreage abandonment or crop deficiencies resulting from drought, flood, storm freeze, disease, or insects. Acreage abandonment payments are made on the basis of one-third of the normal yield of commercially recoverable sugar on the acreage abandoned. Crop deficiency payments on harvested acreage are made on the difference between actual yield and 80 percent of normalyield.

The base rate of payment to producers is 80 cents per 100 pounds of sugar commercially recoverable, raw value. This rate is scaled down for farms which produce in excess of 350 tons of sugar and declines to a minimum of 30 cents per 100 pounds on that part of the farm's total production in excess of 30,000 short tons of sugar.

Total payments made to producers in the several domestic sugar-producing areas; the part of these payments which relates to acreage abandonment and crop deficiencies, and the number of payees for the 1950 and 1951 crop years are shown in the following table:

Payments Under the Sugar Act of 1948 and Number of Payees, in the Domestic Sugar Producing Areas, Crop Years 1950 and 1951 1/

Payment and Payee	Domestic beet sugar area	Mainland cane sugar area	Hawaii	Puerto Rico 2/	Virgin Islands	Total
Payments on sugar beets or sugar cane:						
1950	$32,640,000	$7,813,000	$8,471,000	$17,429,176	$138,500	$66,491,676
1951	25,078,000	5,764,000	9,143,000	17,147,500	98,000	57,230,500
Abandonment and deficiency payments:						
1950	1,110,000	22,000	---	79,824	--	1,211,824
1951	1,350,000	1,036,000	---	202,500	--	2,588,500
Total payments:						
1950	33,750,000	7,835,000	8,471,000	17,509,000	138,500	67,703,500
1951	26,428,000	6,800,000	9,143,000	17,350,000	98,000	59,819,000
Payees:						
1950 (Number)	54,970	9,070	1,219	16,181	541	81,981
1951 (Number)	41,766	10,250	1,199	17,034	511	70,760

1/ Preliminary. 2/ 1949-50 and 1950-51 crops.

Sugar Tax Collection

The Act, through an amendment to the Internal Revenue Code, imposes a tax of 50 cents per hundred pounds of sugar, raw value, on all beet or cane sugar processed in or imported into the continental United States. The following table shows the taxes collected compared with obligations under the sugar program:

Fiscal Year	Sugar Tax Collections			Total Obligations
	Excise Tax	Import Tax	Total	
1938	$30,569,130	$2,812,488	$33,381,618	$22,074,400
1939	65,414,058	3,494,636	68,908,694	52,460,654
1940	68,145,358	5,461,115	73,606,473	47,212,400
1941	74,834,839	4,876,470	79,711,309	47,677,678
1942	68,229,803	3,778,003	72,007,806	47,869,513
1943	53,551,777	3,383,987	56,935,764	55,638,374
1944	68,788,910	3,906,567	72,695,477	54,818,026
1945	73,293,966	3,262,197	76,556,163	52,359,899
1946	56,731,986	3,059,490	59,791,476	48,418,425
1947	59,151,922	4,755,224	63,907,146	53,343,569
1948	71,246,834	3,275,892	74,522,726	54,794,413
1949	76,174,356	4,139,161	80,313,517	71,880,810
1950	71,188,029	3,899,072	75,087,101	59,935,494
1951	80,191,884	3,468,405	83,660,289	63,750,000
1952	78,473,191	3,603,936	82,077,127	70,000,000
Total	995,986,043	57,176,643	1,053,162,686 1/	802,233,655

1/ Tax collections exceed total program obligations in the amount of $250,929,031 for fiscal years 1938 through 1952.

Fair Wage and Price Determinations

Among conditions which producers of sugar cane and sugar beets must meet to be eligible for Sugar Act payments is the payment of fair and reasonable wage rates to persons employed on the farm in the production, cultivation, and harvesting of sugar cane or sugar beets. Another requirement for producers who are also processors of sugar cane or sugar beets is the payment of fair and reasonable prices for sugar cane or sugar beets purchased from other producers. The Sugar Act requires that determinations of fair and reasonable wages and prices shall be made by the Secretary after holding public hearings and after making appropriate investigations. Determinations of wages and prices are issued annually for each of the domestic areas; i.e., sugar beet, mainland cane, Puerto Rico, Hawaii, and the Virgin Islands.

1. Wage determinations were issued covering work performed on farms in the production, cultivation, or harvesting of sugar cane or sugar beets in each of the domestic sugar-producing areas. The results achieved are summarized below:

Area	Action Taken as Compared with Wage Determination in Previous Fiscal Year
Mainland Cane	
Florida	Basic time rates for all classes of workers increased 5 cents per hour.
Louisiana	
Harvesting	No change in basic wage rates. Wage increment under wage-price escalator increased from 6.5 cents to 10 cents per 9-hour day for each full 10-cent increase in the average price of raw sugar above $6.00 per cwt. for each 2-week period.
Production and Cultivation	No change in basic wage rates. Wage increment under wage-price escalator increased from 5 cents to 7.5 cents per 9-hour day for each full 10-cent increase in the average price of raw sugar above $6.00 per cwt. for each 2-week period.
Puerto Rico	Basic wage rates for all classes of workers related to a sugar price level of $5.00 per cwt. rather than $3.80 per cwt., and increased 11 cents per 8-hour day above 1951 wage rates effective at the $5.00 sugar price level. Wage increments under wage-price escalator increased from 4.5 to 5 cents per 8-hour day for each 10-cent increase in the average price of raw sugar above $5.00 for each 2-week period. The lower wage scale provided in former determinations for "interior" farms was eliminated. The effect of such changes was to increase minimum wage rates on other than interior farms approximately 6 percent and on farms previously classed as interior farms approximately 11 percent.
Virgin Islands	No change in basic wage rates
Hawaii	No change in basic minimum wage provision which requires payment of wages as agreed upon. Under collective agreements affecting the majority of workers and binding upon both parties by provision of the determination, the basic minimum wage for unskilled workers increased from 80 cents to 91 cents per hour and rates for other classes of workers increased by approximately the same amount.

Area	Action Taken as Compared with Wage Determination in Previous Fiscal Year (Continued)
Sugar Beets	
California, southwestern Arizona, & southern Oregon	No change in basic minimum wage rates.
Regions other than California, southwestern Arizona, & southern Oregon	No change in basic piecework rates for harvesting and weeding and for thinning and hoeing conventionally cultivated fields. Piecework rates for thinning machine-blocked fields and for thinning and hoeing fields on which no finger work is required increased $1.00 per acre, or about 8 percent, in all except one wage district. Basic minimum hourly rates increased 5 cents per hour.

Basic wages were increased by action of the wage-price escalator provisions of determinations for certain areas. In Louisiana, the escalator resulted in increases up to 30 cents per 9-hour day in production and cultivation work. In Hawaii, the wage-price escalator of the collective agreement resulted in increases up to 10½ cents an hour above basic minimum wages. In Puerto Rico, workers received up to $1.26 per 8-hour day by action of the wage-price escalator in the last half of 1951 and up to 75 cents per 8-hour day during the first half of 1952.

Fair and reasonable price determinations were issued for each of the domestic areas. These determinations set forth the minimum prices which processor-producers must pay for sugar cane or sugar beets purchased from other producers. In Louisiana and Florida, no changes were made in basic minimum price requirements, but the molasses payment provision was changed to relate such payment to more curremt production data and provision was made for negotiating payments for frozen sugar cane. In Puerto Rico changes were made as to the period used for determining the sugar price on which settlement with growers is based, the calculation of selling and delivery expenses was simplified and changes were made regarding the price of sugar cane from which overquota sugar is made. During the fiscal year, determinations for two sugar cane crops were issued for Hawaii. The determination for the 1951 crop approved existing adherent planters' contracts and provided specific price terms for newly developed contracts between processors and independent growers. In the 1952 crop determination, basic prices were unchanged. Provisions were included limiting allowable deductions and charges to producers which might affect the basic price for sugar cane. The actions taken required the payment to independent growers of approximately the same proportionate share of market returns from raw sugar and molasses as that paid to adherent planters.

2. Following the relaxation of sugar export controls, an amendment to the Puerto Rico fair price determination was issued which permitted settlements with producers for sugar cane from which was made raw sugar sold to the world market on the basis of the price actually received for such raw sugar. Interpretations of price determinations were also made as the result of unusual circumstances affecting supplies and movement of sugar.

3. A comprehensive administrative report summarizing and comparing costs, returns, profits, and related data for the production and processing of sugar cane in all the domestic areas was issued. The study of costs, margin requirements and package differentials for the domestic sugar refining industry, commenced in May 1951, was completed and an administrative report will be issued shortly. A survey of workers' performance in the sugar beet area during the 1951 crop was undertaken and completed. The reports are utilized in determining fair and reasonable wages and prices.

4. A study of costs, returns, profits and related data for the production and processing of sugar beets was commenced in March 1952. Necessary field work on farms was completed by August 1952 while the processing phase of the study will be conducted during the third quarter of the current fiscal year.

5. To provide data necessary for the effective administration of the Sugar Act of 1948, cost data for all the domestic sugar areas are projected to current crops and marketing years on a continuing basis. Wage and price determinations were issued for all areas for which hearings were held prior to the end of the fiscal year except the Florida price determination for the 1952 crop. Analysis for this determination is in progress. Economic analyses of matters pertinent to wages and prices are continuously in progress.

Program Administration

The Sugar Program is administered in the county by elected county and community committeemen and in the State by a State Committee appointed by the Secretary, which is composed of resident farmers.

Administrative expense allocations to States are based upon workload indicators for the previous year adjusted to reflect any contemplated changes in program operations.

A weight is assigned to each factor to be used in arriving at the total financial requirements for State and county office operations and funds are distributed among the States on that basis.

The following tables set forth the workload data derived from operating statistics upon which fiscal year 1953 allocations were based for the Sugar Program.

Production and Marketing Administration
Sugar Act Programs
Workload Data for Fiscal Year 1952

State or Territory	Number of Counties	Number of Farms on which Computations Made	Number of Applications	Applications Summarized Child Labor and Wage Rate Cases
	Sugar Beets			
Arizona	1	4	4	-
California	31	1,500	1,500	1,500
Colorado	30	6,750	4,998	5,500
Idaho	23	4,100	4,006	4,290
Illinois	4	204	204	204
Indiana	4	27	27	27
Iowa	4	25	25	25
Kansas	10	300	142	145
Michigan	34	4,900	4,627	5,300
Minnesota	23	995	794	978
Montana	22	2,000	1,550	1,850
Nebraska	23	1,975	1,830	1,830
New Mexico	4	43	35	35
North Dakota	8	470	470	50
Ohio	20	1,069	1,069	1,070
Oregon	3	726	600	636
South Dakota	3	130	139	140
Texas	3	31	31	31
Utah	15	3,100	2,626	2,626
Washington	6	609	609	609
Wisconsin	22	900	1,040	1,040
Wyoming	11	1,100	1,100	1,100
Total sugar beets	304	30,958	27,426	28,986
	Sugar Cane			
Florida	4	25	25	25
Hawaii	-	1,130	1,130	1,130
Louisiana	20	5,414	5,028	5,028
Puerto Rico	-	18,700	16,530	16,530
Total sugar cane	24	25,269	22,713	22,713
Total sugar program	328	56,227	50,139	51,699

NATIONAL SCHOOL LUNCH PROGRAM

Purpose Statement

This program, authorized by the National School Lunch Act of June 4, 1946, is designed to: (1) improve the health and well-being of the Nation's children, and (2) broaden the market for agricultural food commodities.

Federal assistance, in the form of both funds and food, is provided to States and Territories for use in serving nutritious midday meals to children attending schools of high school grades and under. To be eligible for participation in this program schools must operate their lunch rooms on a non-profit basis and must comply with minimum requirements set forth in the agreement entered into by the State educational agency and the United States Department of Agriculture.

Each State must submit a plan of operation for approval of the Department by July 30 of each year. Meals served must meet minimum nutritional requirements established by the Department of Agriculture. The Type A or "complete" lunch furnishes 1/3 to 1/2 of the daily nutritional requirements of the child; the Type B meal, less adequate nutritionally, contains the same nutritional elements but in smaller quantities; and the Type C meal consists of 1/2 pint of milk only.

Each State's share of the total funds available is determined by a formula in the National School Lunch Act which takes into account: (1) the number of school children in the State, and (2) the relation of the per capita income in the United States to the per capita income in the State. The funds are paid to the States in quarterly installments and, upon submission of claims to the State agency, schools are reimbursed for a portion of the food cost of each meal served. Maximum Federal reimbursements for meals are 9 cents, 6 cents, and 2 cents for types A, B, and C meals, respectively. Lunches must be served free of charge, or at reduced prices to children who are unable to pay the full cost of the lunch.

Federal funds paid to a State must be matched from sources within the State. From 1951 through 1955, States must contribute $1.50 for each Federal dollar. Beginning in 1956 States must contribute $3.00 for every Federal dollar.

In addition to the cash assistance, food is purchased and distributed by the Department under authority of Section 6 of the National School Lunch Act. In making these purchases, consideration is given to: (1) the nutritional value of the foods in order that they may assist in meeting the minimum nutritional requirements, and (2) the current market situation to insure that the food purchases represent the most economical and effective use of available funds. The National School Lunch Program provides the largest single outlet for surplus commodities purchased under the authority of Section 32 of the Agricultural Adjustment Act, as amended, and price support commodities under Section 416 of the Agricultural Act of 1949.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds	$83,364,269	$75,000,000 ~~$83,365,000~~

(c) National School Lunch Program

Appropriation Act, 1953		$83,367,491
Reduction pursuant to:		
Section 411	$1,107	
Section 412	2,115	-3,222
Adjusted appropriation, 1953, and base for 1954		83,364,269
Revised Budget Estimate, 1954		75,000,000
Decrease		-8,364,269

SUMMARY OF DECREASES, 1954

Reduction in Food Assistance to be offset by anticipated increases in surplus commodities which will be made available to schools in 1954	-8,280,000
Reduction in estimated operating costs	-84,269

PROJECT STATEMENT

Project	1952	1953 (estimated)	Decreases	1954 Revised (estimated)
1. Food assistance	$81,903,361	$81,925,000	-$8,280,000(1)	$73,645,000
2. Operating expenses	1,330,388	1,439,269	-84,269(2)	1,355,000
Unobligated balance	133,772	--	--	--
Total	83,367,521	83,364,269	-8,364,269	75,000,000
Reduction pursuant to Sections 411 and 412	--	+ 3,222		
Total appropriation or estimate	83,367,521	83,367,491		

DECREASES

The proposed reduction of $8,364,269 in this item consists of the following:

(1) A reduction of $8,280,000 in Food Assistance based on an increase in the estimated quantities of surplus commodities to be available for distribution to schools in 1954.

This reduction is possible because the present outlook is for continued availability of a large volume of Section 32 commodities in fiscal year 1954. The Section 32 estimate provides for the purchase of highly nutritious foods such as beef, fresh and dried fruits, fresh and canned vegetables, butter, eggs and milk—all of which are essential in a well-balanced diet. Availability of these commodities in the fiscal year 1954 will provide food assistance to schools at approximately the same level as in 1953.

(2) A reduction of $84,269 in operating expenses will be effected by reducing to a minimum the technical services which the Department furnishes to State agencies in connection with the operation of the Program.

(d) National School Lunch Program

Appropriation Act, 1953		$83,367,491
Reduction pursuant to:		
Section 411	$1,107	
Section 412	2,115	-3,222
Adjusted appropriation, 1953, and base for 1954		83,364,269
Budget Estimate, 1954		83,365,000
Change (Increase to round-off estimate)		+731

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 (estimated)
1. Food assistance	$81,903,361	$81,925,000	- -	$81,925,000
2. Operating expenses	1,330,388	1,439,269	+$731	1,440,000
Unobligated balance	133,772	- -	- -	- -
Total	83,367,521	83,364,269	+731	83,365,000
Reduction pursuant to Sections 411 and 412 ...	- -	+3,222		
Total appropriation or estimate	83,367,521	83,367,491		

STATUS OF PROGRAM

The School Lunch Program is designed to:

1. Broaden the market for agricultural food commodities by:

   a. providing an expanded market for agricultural commodities through local purchases of food by school lunch programs in commercial channels of trade;

   b. Serving as a valuable outlet for agricultural commodities purchased by the Department to alleviate local and seasonal surpluses;

   c. expanding the outlet for highly nutritious foods, particularly in areas of nutritional deficiencies;

   d. introducing a wider variety of foods, thus creating a demand for commodities that many housewives would not otherwise buy.

2. Improve the health and well-being of the Nation's children by:

   a. providing them a well-balanced lunch at school to help fill their daily nutritional requirements.

      Experience indicates that children who get lunch under this program, compared with those who do not, show:

      (1) more rapid gain in weight and height;

      (2) better attendance records;

      (3) improvement in scholastic standing;

      (4) better deportment;

      (5) higher resistance to colds and other illnesses.

   b. Developing proper and nutritionally beneficial food habits which will continue in later life.

Current activity under the program includes:

1. Furnishing cash assistance to schools for food purchases by:

   a. apportioning among the States and Territories a minimum of 75 percent of the total food assistance funds available on the basis of need as indicated by:

(1) State per capita income compared with United States per capita income,

(2) State population of children 5 to 17 years of age,

b. paying the apportioned funds to State agencies on a quarterly basis to enable them to reimburse participating schools for a portion of the food cost of lunches served when the schools:

(1) agree to operate on a nonprofit basis;

(2) serve meals meeting minimum nutritional standards prescribed by the Secretary of Agriculture;

(3) offer luncheon to all children attending the school and serve it free or at reduced cost to children who are unable to pay the full cost;

(4) agree to purchase commodities designated by the Secretary of Agriculture as being in abundance.

c. paying the funds directly to participating private schools in the 27 States and Hawaii where State laws forbid disbursement of Federal funds by State agencies to private schools. (A proportionate share of the State's total apportionment is set aside for this purpose.)

2. Furnishing food items to schools for lunch programs by:

a. purchasing foods under Section 6 of the National School Lunch Act to help schools meet nutritional requirements most economically and by arranging distribution through approved State distributing agencies;

(1) at a total cost not to exceed 25 percent of the food assistance funds;

(2) on the basis of their nutritional value and acceptability;

(3) in areas where they are most needed.

b. distributing to schools, through approved State distributing agencies, commodities acquired under the appropriation for removal of surplus agricultural commodities (Section 32);

c. distributing to schools, through approved State distributing agencies, commodities acquired by the Commodity Credit Corporation pursuant to Section 416 of the Agricultural Act of 1949.

3. Furnishing administrative and technical assistance to State agencies and participating schools with respect to:

a. handling of funds;

b. purchase and storage of food;

c. proper use of equipment;

d. preparation and serving of meals;

e. maintenance of records and preparation of reports.

4. Making reviews and audits by:

a. annual audits of the records of State agencies and selected schools;

b. comprehensive administrative analyses of State agencies' operations under the program;

c. administrative reviews in individual schools as necessary.

Examples of Recent Progress and Trends

The National School Lunch Program in 1952 continued to benefit an increasing number of children. In 1952 school lunch programs purchased locally approximately $250,276,000 worth of agricultural commodities--$36,765,000 more than in 1951.

I. Extent of Participation

A. Over-all participation increased in 1952

1. Schools - Final figures for fiscal year 1951 revealed a peak in March of 56,177 participating schools with an average for the principal school months (September through June) of 49,124. Figures for 1952 indicate peak participation in February totaling 56,725 -- an increase of 548 schools. The number of schools participating during the 10-month period (September through June) of fiscal year 1952 averaged 49,657, an increase of 533 schools.

2. Children - In fiscal year 1951 peak participation totaled 8,638,194 children (in November 1950) with a 10-month average (September through June) of 7,595,126. Reports for 1952 show a peak of 9,320,359 (in November 1951) and a 10-month average of 8,074,990.

3. Participation by month

1. Monthly participation in 1952 showed more fluctuation than in 1951, particularly in April and May as participation declined more than seasonally when a number of schools ceased operations because of lack of funds to continue for the balance of the year.

Participation in the National School Lunch Program
Fiscal Years 1951 and 1952, by Month

	Number of Schools		Number of Children	
	Fiscal Years		Fiscal Years	
	1951	1952	1951	1952
July	1,590	1,616	166,137	164,687
August	5,698	5,418	687,419	646,175
September	43,492	45,431	7,055,602	7,928,262
October	50,681	52,132	8,239,010	8,893,314
November	54,436	55,651	8,638,194*	9,320,359*
December	55,429	56,167	8,624,561	9,158,115
January	56,000	56,606	8,602,376	9,073,317
February	56,149	56,725*	8,480,124	8,792,330
March	56,177*	56,340	8,216,202	8,735,769
April	54,619	54,441	8,101,881	8,365,715
May	49,524	48,096	7,370,440	7,643,074
June	14,734	14,984	2,622,866	2,730,090
Average, Sept.-June ..	49,124	49,657	7,595,126	8,064,035

* Peak month

Extent of participation by State is indicated by Table I

II. Quantity and Quality of Meals Served

A. Quantity - More children in participating schools were fed nutritious lunches over a longer period of the school year judging by (1) the high participation at the outset of the school year; (2) the maintenance of this high rate

throughout the school year; and (3) the increase in total number of meals served. The total number of meals served was about 107,000,000 greater -- an estimated 1,500,000,000 in 1952 compared with about 1,393,000,000 in 1951.

B. Quality - Type A meals increased 9.6 percent in 1952 compared with 1951, while other type meals increased only 1.9 percent. In 1952, 68.8 percent of all meals served were Type A-- a complete meal furnishing 1/3 to 1/2 of one day's nutritive requirements.

III. Method of Financing the Program

Estimated Funds, by Sources, Fiscal Years 1951 and 1952 a/

	Fiscal Year 1951 Amount	Fiscal Year 1952 Amount	Change 1952 from 1951
Federal Appropriation	$83,500,000 b/	$83,367,491 c/	-$132,509
Sources within the States:			
Payments by children	207,213,000	241,900,000	+ 34,687,000
State and local government appropriations..	46,477,000	52,000,000	+ 5,523,000
Other local contributions	32,627,000	38,000,000	+ 5,373,000
Total, State Contributions	286,317,000	331,900,000	+ 45,583,000
Grand Total, Funds Available	369,817,000	415,267,491	45,450,491

a/ 1952 data preliminary.
b/ In addition, commodities valued at $34,800,000 were distributed under "Removal of Surplus Agricultural Commodities" (Section 32) and Section 416 of the Agricultural Act of 1949.
c/ In addition, commodities valued at approximately $16,600,000 were distributed under "Removal of Surplus Agricultural Commodities" and Section 416 of the Agricultural Act of 1949.

IV. Benefits to Agriculture

Commodities utilized during 1952 in the School Lunch Program cost approximately $282,000,000. Of this amount, over $250,000,000 was expended by schools locally -- both Federal and State funds. The remaining $32,000,000 is the estimated cost of almost 197,000,000 pounds of commodities which the Department purchased and distributed to schools under Section 6 of the National School Lunch Act, Section 416 of the Agricultural Act of 1949, and "Removal of Surplus Agricultural Commodities" (Section 32).

Commodities Purchased and Distributed to School Lunch Programs
Fiscal Year 1952

Commodity	Quantity (Pounds)	Estimated Cost
Section 6 - National School Lunch Act		
Beans, dry	9,986,407	$835,670
Beans, green, canned	6,601,709	694,648
Cheese, American process	10,198,530	4,171,547
Cherries, sour pitted, canned	8,732,910	1,270,121
Peaches, canned	19,376,849	2,681,182
Peas, green, canned	4,406,516	464,051
Peanut Butter	4,799,277	1,223,834
Prunes, dried	10,076,346	1,369,439
Tomatoes, canned	15,648,855	1,615,823
Tomato paste	6,122,362	1,081,885
Tomato puree	1,982,983	181,816
Total, Section 6	97,932,744	15,590,016
Section 32--Removal of Surplus Agricultural Commodities		
Apples, fresh	49,231,262	2,707,719
Honey	12,483,640	1,933,716
Milk, dried	13,000,329	2,679,368
Orange Juice, concentrated	17,279,728	3,271,053
Pecans, shelled	3,304,883	2,401,328
Total, Section 32	95,299,842	12,993,184
Section 416--Agricultural Act of 1949		
Eggs, dried	3,554,019	3,589,560
Grand Total	196,786,605	$32,172,760

Table II shows, by State, estimated value of commodities distributed to schools in fiscal year 1952.

V. Significant Factors Affecting Program

A. Federal Reimbursement per Meal Declines - As stated above, the number of lunches served increased from 1,393,000,000 in 1951 to 1,500,000,000 in 1952. This increased participation without a corresponding increase in the school lunch appropriation has resulted in a reduction in the average Federal reimbursement per meal (for all meals served) from 4.9 cents during 1951 to 4.4 cents during 1952. For the same period the rate for Type A meals declined from 6.3 cents to 5.5 cents.

B. Increased Operating Costs - There has been a significant increase throughout the country in school lunchroom operating costs.

C. Smaller volume of USDA donated commodities - During the fiscal year 1952, the value of commodities made available to schools by purchases from Section 6 funds, distribution of price support (Section 416) and Surplus Removal (Section 32) commodities, averaged 2.8 cents for each meal served exclusive of type "C" (milk only). This is a 40 percent decrease under the per-meal value of donated commodities distributed in 1951.

VI. 1953 Activity:

A. Participation and number of meals served:

1. Based on preliminary reports, it is estimated that more than 10,000,000 children will participate in the National School Lunch Program this fiscal year.

2. The number of meals to be served is estimated at more than 1.5 billion, about 70 percent of which will be complete, or Type A meals.

B. Commodities Purchased and Distributed by the Department

Commodity	Quantity (Pounds)	Estimated Cost
Section 6 (July-November)		
Beans, dry	11,091,900	$980,112
Beans, green, canned	4,325,018	494,421
Cheese	14,190,000	6,138,675
Peaches, canned	8,938,872	1,257,784
Peas, green, canned	7,842,420	824,934
Peanut Butter	3,657,433	986,602
Tomatoes, canned	16,201,460	1,718,734
Tomato paste, canned	8,051,472	1,248,071
Total, Section 6	74,298,575	13,649,333

B. Commodities Purchased and Distributed by the Department (Continued).

Commodity	Quantity (Pounds)	Estimated Cost
Section 32 (July-October)		
Apples, fresh	469,392	$33,702
Cherries, canned	2,269,020	300,418
Eggs, shell	5,280,428	1,957,983
Milk, dry	5,329,329	1,121,824
Pears, fresh	15,432,976	1,134,324
Pork products	6,739,617	3,565,931
Orange Juice, concentrated	3,066,361	722,128
Turkeys, frozen	266,272	132,737
Total, Section 32	38,853,395	8,969,047

C. Amendment to the National School Lunch Act

The National School Lunch Act was amended through Public Law 518, approved July 12, 1952 to provide a more equitable share of Federal assistance to the Territories.

The amendment removes the Territories of Alaska and Hawaii from the 3-percent limitation in the apportionment of funds to the Territories. These two Territories will participate in the total apportionment on the same basis as the 48 States and the District of Columbia

In addition, the Territory of Guam was made eligible to participate in the National School Lunch Program under the same terms as Puerto Rico and the Virgin Islands. The amendment further provides that the apportionment to these three Territories may not be less per child than that of the State having the lowest per capita income among the 48 States, the District of Columbia, Alaska and Hawaii.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

TABLE I

NATIONAL SCHOOL LUNCH PROGRAM

PERCENTAGE OF SCHOOLS AND CHILDREN PARTICIPATING
Fiscal Year 1952

State	Elementary & Secondary Schools: Total Number 1/ (1)	Number Participating 2/ (2)	Percent Participation (3)	Children in Elementary & Secondary Schools: Total Enrollment 1/ (4)	Number Participating 2/ (5)	Percent Participation (6)
Alabama	4,101	1,366	33.3	697,256	259,199	37.2
Arizona	580	258	44.5	146,357	52,777	36.1
Arkansas	2,645	927	35.0	415,157	156,826	37.8
California	4,848	2,820	58.2	1,916,055	599,826	31.3
Colorado	1,871	476	25.4	250,580	57,322	22.9
Connecticut	1,103	338	30.6	338,498	61,415	18.1
Delaware	233	76	32.6	55,074	11,908	21.6
District of Columbia	225	178	79.1	114,513	39,893	34.8
Florida	2,013	846	42.0	470,928	186,917	39.7
Georgia	4,013	1,389	34.6	728,363	281,421	38.6
Idaho	853	389	45.6	126,023	45,783	36.3
Illinois	5,466	3,047	55.7	1,465,081	536,645	36.6
Indiana	3,455	1,297	37.5	759,469	228,751	30.1
Iowa	7,819	1,105	14.1	535,504	165,648	30.9
Kansas	4,728	809	17.1	377,704	79,207	21.0
Kentucky	5,551	1,227	22.1	617,054	203,956	33.1
Louisiana	2,431	1,673	68.8	568,649	380,942	67.0
Maine	1,784	549	30.8	193,968	47,980	24.7
Maryland	1,302	656	50.4	404,826	128,022	31.6
Massachusetts	2,837	1,850	65.2	844,311	303,979	36.0
Michigan	5,293	2,151	40.6	1,259,487	363,517	28.9
Minnesota	6,107	1,300	21.3	567,683	224,129	39.5
Mississippi	4,877	1,106	22.7	539,781	172,592	32.0
Missouri	7,545	1,689	22.4	741,234	214,316	28.9
Montana	1,490	227	15.2	117,846	26,625	22.6
Nebraska	5,677	427	7.5	257,382	52,987	20.6
Nevada	210	66	31.4	26,310	7,465	28.4
New Hampshire	648	276	42.6	98,345	22,119	22.5
New Jersey	2,326	1,131	48.6	844,148	200,362	23.7
New Mexico	903	264	29.2	165,450	37,086	22.4
New York	8,345	3,208	38.4	2,497,904	849,272	34.0
North Carolina	3,895	1,435	36.8	892,062	375,538	42.1
North Dakota	3,349	617	18.4	126,391	39,041	30.9
Ohio	5,030	1,692	33.6	1,400,999	339,950	24.3
Oklahoma	2,963	1,669	56.3	452,366	145,578	32.2
Oregon	1,454	583	40.1	272,140	82,211	30.2
Pennsylvania	8,810	2,753	31.2	1,907,294	402,570	21.1
Rhode Island	483	236	48.9	138,754	27,189	19.6
South Carolina	3,732	1,361	36.5	499,015	205,748	41.2
South Dakota	3,758	217	5.8	128,955	20,498	15.9
Tennessee	4,954	1,911	38.6	675,584	253,723	37.6
Texas	7,829	1,749	22.3	1,430,407	384,178	26.9
Utah	521	335	64.3	155,667	61,812	39.7
Vermont	940	312	33.2	76,444	22,949	30.0
Virginia	3,467	1,214	35.0	617,149	225,080	36.5
Washington	1,689	820	48.5	429,253	116,948	27.2
West Virginia	4,463	1,407	31.5	449,025	125,589	28.0
Wisconsin	7,148	1,861	26.0	638,027	184,923	29.0
Wyoming	709	118	16.6	61,094	16,723	27.4
CONTINENTAL U.S.	166,473	53,411	32.1	28,491,566	9,029,135	31.7
TERRITORIES						
Alaska	104	9	8.7	14,871	1,166	7.8
Hawaii	213	163	76.5	112,913	68,995	61.1
Puerto Rico	2,161	2,034	94.1	432,157	216,651	50.1
Virgin Islands	34	34	100.0	3/ 7,516	4,412	58.7
Total Territories	2,512	2,240	89.2	567,457	291,224	51.3
U.S. and TERRITORIES	168,985	55,651	32.9	29,059,023	9,320,359	32.1

1/ Source: U. S. Office of Education. Data for 1949-50.
2/ November 1951. The number of schools and children may have been higher in some States during other months, but November was the peak month in terms of children participating nationally.
3/ Includes private school data for 1951.

11-5-52

UNITED STATES DEPARTMENT OF AGRICULTURE TABLE II
Production and Marketing Administration

Estimated Value of Commodities
Distributed to School Lunch Programs
Fiscal Year 1952

State	Section 32	Section 6	Section 416	Total
Alabama	$490,227	$578,588	$107,110	$1,175,925
Arizona	74,501	127,570	79,954	282,025
Arkansas	513,539	354,757	275,730	1,144,026
California	521,587	619,555	88,880	1,230,022
Colorado	115,605	126,688	23,154	265,447
Connecticut	143,241	104,732	-	247,973
Delaware	28,068	23,998	-	52,066
District of Columbia	28,515	13,745	-	42,260
Florida	255,820	409,790	23,331	688,941
Georgia	440,532	606,066	68,049	1,114,647
Idaho	52,863	87,481	-	140,344
Illinois	402,514	608,368	9,226	1,020,108
Indiana	192,983	341,793	2,298	537,074
Iowa	148,756	306,759	11,136	466,651
Kansas	203,565	166,015	35,350	404,930
Kentucky	347,607	443,298	85,547	876,452
Louisiana	614,003	871,701	640,719	2,126,423
Maine	92,636	67,875	-	160,511
Maryland	120,590	162,687	-	283,277
Massachusetts	408,477	228,363	60,600	697,440
Michigan	399,042	368,955	63,792	831,789
Minnesota	244,015	345,702	3,333	593,050
Mississippi	275,198	388,182	54,085	717,465
Missouri	263,269	480,958	12,373	756,600
Montana	29,353	68,628	-	97,981
Nebraska	71,252	69,776	4,065	145,093
Nevada	6,345	18,310	-	24,655
New Hampshire	73,900	49,899	3,181	126,980
New Jersey	261,897	202,842	54,793	519,532
New Mexico	85,685	72,913	79,184	237,782
New York	824,886	849,196	44,743	1,718,825
North Carolina	508,128	746,502	167,720	1,422,350
North Dakota	52,365	53,239	1,237	106,841
Ohio	756,505	653,233	66,317	1,476,055
Oklahoma	262,321	342,654	213,073	818,048
Oregon	62,790	179,646	113,297	355,733
Pennsylvania	605,147	421,240	42,773	1,069,160
Rhode Island	35,385	28,579	6,747	70,711
South Carolina	316,587	468,990	60,448	846,025
South Dakota	62,750	33,853	-	96,603
Tennessee	526,633	590,288	234,901	1,351,822
Texas	676,489	873,680	112,691	1,662,860
Utah	82,254	139,969	60,600	282,823
Vermont	46,193	36,466	-	82,659
Virginia	293,880	362,858	11,135	667,873
Washington	142,502	268,931	35,703	447,136
West Virginia	213,364	262,226	127,285	602,875
Wisconsin	176,440	220,723	-	397,163
Wyoming	15,973	39,891	-	55,864
Total Continental United States	12,566,177	14,888,158	3,084,560	30,538,895
Territories:				
Alaska	23,695	3,393	-	27,088
Hawaii	49,770	153,505	-	203,275
Puerto Rico	326,856	531,443	505,000	1,363,299
Virgin Islands	26,686	13,517	-	40,203
Total Territories	427,007	701,858	505,000	1,633,865
GRAND TOTAL	12,993,184	15,590,016	3,589,560	32,172,760

11-7-52

MARKETING SERVICES

Salaries and Expenses

Purpose Statement

The programs under this appropriation include a number of activities to facilitate the orderly marketing of farm products. These activities are grouped into five functional categories; (1) market news service, (2) inspection, grading and classing, and standardization, (3) improvement of marketing practices, (4) freight rates for farm products, and (5) regulatory activities.

The market news service provides for the collection and dissemination of timely information on movements, supplies, demand, quality, condition, and prices of livestock, meats, wool, fruits, vegetables, honey, peanuts, dairy products, poultry products, grain, hay, feed, seed, rice, hops, beans, cotton and cottonseed, tobacco, naval stores, and inedible molasses.

Inspection, grading and classing, and standardization includes developing and establishing standards by which quality of agricultural commodities can be accurately judged; providing an impartial inspection, classing and grading service for farmers, dealers and others on the basis of these standards; and administration and enforcement of regulatory and criminal provisions of statutes that require the use of official U. S. Standards for cotton, cotton linters, and grain sold in interstate commerce and for tobacco sold at designated auction markets.

Improvement of marketing practices includes studies and the compilation and dissemination of information to improve marketing methods, practices and processing techniques; and the development of basic principles for improvement of market and storage facilities.

Freight rates for farm products provides for assistance to farmers in obtaining and maintaining equitable transportation rates and services through the Department's participation in their behalf in formal cases before the Interstate Commerce Commission and in informal negotiations with carriers and groups of carriers.

Regulatory activities involve the administration of the following regulatory Acts: Standard Container; United States Warehouse; Federal Seed; Packers and Stockyards; Tobacco Plant and Seed Exportation; Federal Insecticide, Fungicide and Rodenticide and the regulatory features of the Naval Stores Act. These laws are designed to protect farmers and others from financial loss or personal injury resulting from deceptive, careless and fraudulent marketing practices. The administration of each of these activities includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds	$11,474,025	~~$11,600,000~~ $ 11,474,000

Marketing Services

(d) Salaries and Expenses

Appropriation Act, 1953	$11,465,000
Reduction pursuant to Section 411	-475
Activities transferred in 1954 estimates from "Salaries and expenses, Office of Administrator, Agricultural Research Administration" for certain services at Agricultural Research Center	+9,500
Base for 1954	11,474,025
Revised Budget Estimate, 1954	11,474,000
Decrease (to round the estimate)	-25

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
1. Market News Service	$2,800,233	$2,859,700	-$42,450	$2,817,250
(a) Cold storage reports	(59,556)	(60,800)	-	(60,800)
(b) Cotton and cottonseed	(357,740)	(352,100)	-	(352,100)
(c) Dairy and poultry products	(350,957)	(342,800)	(-9,000)	(333,800)
(d) Fruits and vegetables	(749,066)	(760,900)	(-10,000)	(750,900)
(e) Grain, hay, feed, etc.	(105,230)	(105,900)	(+3,000)	(108,900)
(f) Leased wire service	(240,415)	(258,300)	(+9,000)	(267,300)
(g) Livestock, meats and wool	(730,699)	(758,800)	(-37,050)	(721,750)
(h) Molasses and sugarcane sirups	(17,853)	(21,200)	(+1,600)	(22,800)
(i) Naval Stores	(18,412)	(19,000)	-	(19,000)
(j) Tobacco	(170,305)	(179,900)	-	(179,900)
2. Inspection, Grading and Classing, and Standardization	5,941,415	5,880,925	+63,775	5,944,700
(a) Cotton and cottonseed	(1,882,610)	(1,810,525)	(+246,475)	(2,057,000)
(b) Dairy and poultry products	(214,949)	(194,000)	(-4,000)	(190,000)
(c) Fruits and vegetables	(622,269)	(611,000)	(-175,000)	(436,000)
(d) Grain (includes U.S. Grain Standards Act)	(1,425,239)	(1,462,350)	(+2,000)	(1,464,350)
(e) Livestock, meats and wool	(101,200)	(108,500)	(-15,000)	(93,500)
(f) Naval Stores	(36,851)	(35,800)	(+7,500)	(43,300)
(g) Rice, hay, beans, etc.	(95,477)	(96,250)	-	(96,250)
(h) Liquid sugar, sirups and molasses	(17,031)	(16,500)	(+1,800)	(18,300)
(i) Tobacco	(1,545,789)	(1,546,000)	-	(1,546,000)

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
3. Improvement of Marketing Practices	$401,008	$404,900	+$50	$404,950
(a) Cotton and cottonseed	(222,525)	(228,000)	-	(228,000)
(b) Dairy and poultry products	(80,567)	(74,500)	(+2,950)	(77,450)
(c) Fruits and vegetables	(23,447)	(32,500)	-	(32,500)
(d) Livestock, meats and wool	(10,194)	(9,900)	(-2,900)	(7,000)
(e) Market storage and transportation facilities	(64,275)	(60,000)	-	(60,000)
4. Freight Rates for Farm Products	167,263	158,400	-10,000	148,400
5. Regulatory Activities	2,115,781	2,170,100	-11,400	2,158,700
(a) Federal Seed Act	(259,078)	(246,000)	-	(246,000)
(b) Insecticide Act	(579,727)	(582,900)	(+600)	(583,500)
(c) Naval Stores and Tobacco Export Permits	(9,753)	(9,200)	-	(9,200)
(d) Packers and Stockyards Act	(653,856)	(679,000)	(-12,000)	(667,000)
(e) Standard Container Acts	(10,232)	(10,800)	-	(10,800)
(f) U. S. Warehouse Act	(603,135)	(642,200)	-	(642,200)
Unobligated balance	50,000			
Total available or estimate	11,475,700	11,474,025	(1) -25	11,474,000
Transfer in 1954 estimates from "salaries and expenses Office of Administrator, Agricultural Research Administration"	-9,700	-9,500		
Reduction pursuant to Section 411	-	+475		
Total appropriation or estimate	11,466,000	11,465,000		

DECREASE

(1) The reduction of $25 in the estimate under this item for 1954 is to round the estimate and is reflected in the project "Inspection, Grading and Classing, and Standardization" for cotton and cottonseed.

All other changes reflected in the budget estimate are proposed adjustments between projects. The net reductions which would result from these adjustments are budgeted in the project "Inspection, Grading and Classing, and Standardization" for the classing of cotton in order to reduce the advance of funds from Commodity Credit Corporation which will be needed to meet the anticipated demand for this service in 1954. This action will result in a reduction in the subsequent appropriation which will be needed to repay CCC for that part of the advance used to class cotton which does not go under loan. The net reductions which are proposed to be used for this purpose include:

A. A reduction of $42,450 in the project "Market News Service" resulting principally from the proposed closing of three livestock market news offices. Adjustments in this activity are consistent with the long-range plan for financing market news services from local funds in cases where the services are of local significance only.

B. A net reduction of $182,700 under the project "Inspection, Grading and Classing, and Standardization" for all work projects other than cotton and cottonseed. This will be accomplished principally as a result of:

(1) curtailing studies of quality factors as a basis for developing standards for grades of dairy products;

(2) using all the fees earned from the inspection of fresh fruits and vegetables to pay costs of rendering the service; and

(3) savings under this project resulting from the transfer of wool functions to the Boston Commodity Office.

C. A reduction of $10,000 under the project "Freight Rates for Farm Products" resulting from not filling vacancies. The estimate provides for maintaining the present staff in 1954.

D. A reduction of $11,400 under the project "Regulatory Activities" resulting principally from some curtailment in travel. The estimate provides for a continuation of each of the regulatory activities at the present level.

(Revised)

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item item as follows (deleted matter enclosed in brackets):

For expenses necessary for acquiring and diffusing market information on agricultural commodities, food products and by-products, the standardization, classification, grading, handling, storage and marketing thereof, * * * [$11,465,000: Provided, That hereafter the Secretary may contract with cooperatives furnishing classers and other facilities for classing cotton and may pay for such services an amount, some part of which may be in kind, not in excess of the value of the samples] $11,474,000.

The change in the language is for the purpose of deleting the provision authorizing the contracting with and the payment to cooperatives for cotton classing facilities. Since this language is permanent legislation retention of the provision in 1954 is not necessary.

Marketing Services

(e) Salaries and Expenses

Appropriation Act, 1953	$11,465,000
Reduction pursuant to Section 411	-475
Activities transferred in 1954 estimates from "Salaries and expenses, Office of Administrator, Agricultural Research Administration" for certain services at Agricultural Research Center	+9,500
Base for 1954	11,474,025
Budget Estimate, 1954	11,600,000
Increase	+125,975

SUMMARY OF INCREASES, 1954

To provide for more effective supervision of the greatly increased volume of grain inspections by licensees under the Grain Standards Act	+70,975
To strengthen supervision of operations at stockyards presently posted under the Packers and Stockyards Act	+25,000
For licensing additional warehouse space and providing more adequate supervision of all warehouses licensed under the U. S. Warehouse Act	+30,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 (estimated)
1. Market news service	$2,800,233	$2,847,000	- -	$2,847,000
(a) Cold storage reports	(59,556)	(60,800)	- -	(60,800)
(b) Cotton and cottonseed	(357,740)	(346,100)	- -	(346,100)
(c) Dairy and poultry products	(350,957)	(342,800)	- -	(342,800)
(d) Fruits and vegetables	(749,066)	(760,900)	- -	(760,900)
(e) Grain, hay, feed, etc.	(105,230)	(105,900)	- -	(105,900)
(f) Leased wire service	(240,415)	(258,300)	- -	(258,300)
(g) Livestock, meats and wool	(730,699)	(752,100)	- -	(752,100)
(h) Molasses and sugarcane sirups	(17,853)	(21,200)	- -	(21,200)
(i) Naval stores	(18,412)	(19,000)	- -	(19,000)
(j) Tobacco	(170,305)	(179,900)	- -	(179,900)
2. Inspection, grading and classing, and standardization	5,891,415	5,871,325	+$70,975(1)	5,942,300
(a) Cotton and cottonseed	(1,832,610)	(1,724,925)	- -	(1,724,925)
(b) Dairy and poultry products	(214,949)	(200,000)	- -	(200,000)

(Continued on next page)

Project	1952	1953 (estimated)	Increase	1954 (estimated)
(c) Fruits and vegetables	(622,269)	(676,000)	- -	(676,000)
(d) Grain (includes U.S. Grain Standards Act)	(1,425,239)	(1,458,350)	(+70,975)	(1,529,325)
(e) Livestock, meats and wool	(101,200)	(118,500)	- -	(118,500)
(f) Naval stores	(36,851)	(34,800)	- -	(34,800)
(g) Rice, hay, beans, etc.	(95,477)	(96,250)	- -	(96,250)
(h) Liquid sugar, sirups and molasses	(17,031)	(16,500)	- -	(16,500)
(i) Tobacco	(1,545,789)	(1,546,000)	- -	(1,546,000)
3. Improvement of marketing practices	401,008	422,000	- -	422,000
(a) Cotton and cottonseed	(222,525)	(228,000)	- -	(228,000)
(b) Dairy and poultry products	(80,567)	(77,500)	- -	(77,500)
(c) Fruits and vegetables	(23,447)	(42,500)	- -	(42,500)
(d) Livestock, meats and wool	(10,194)	(14,000)	- -	(14,000)
(e) Market, storage and transportation facilities	(64,275)	(60,000)	- -	(60,000)
4. Freight rates for farm products	167,263	175,000	- -	175,000
5. Regulatory activities	2,115,781	2,158,700	+55,000(2)	2,213,700
(a) Federal Seed Act	(259,078)	(246,000)	- -	(246,000)
(b) Insecticide Act	(579,727)	(580,500)	- -	(580,500)
(c) Naval stores and tobacco export permits	(9,753)	(9,200)	- -	(9,200)
(d) Packers and Stockyards Act	(653,856)	(670,000)	(+25,000)	(695,000)
(e) Standard Container Acts	(10,232)	(10,800)	- -	(10,800)
(f) U. S. Warehouse Act	(603,135)	(642,200)	(+30,000)	(672,200)
Unobligated balance	100,000	- -	- -	- -
Total available or estimate	11,475,700	11,474,025	+125,975	11,600,000
Transfer in 1954 estimates from "Salaries and expenses, Office of Administrator, Agricultural Research Administration"	-9,700	-9,500		
Reduction pursuant to Section 411	- -	+475		
Total appropriation or estimate	11,466,000	11,465,000		

INCREASES

The increase of $125,975 in this item for 1954 consists of the following:

(1) Increase of $70,975, under the project "Inspection, Grading and Classing, and Standardization", to provide more adequate supervision over the expanded volume of work of licensed grain inspectors, and to handle increased number of appeals under the Grain Standards Act:

Need for Increase: During the past 10 years, there has been a serious decrease in the effectiveness of the Grain Standards Act, due to a continuing decline in the number of personnel available for supervision of licensed inspectors and a substantial increase in the number of appeals from grades determined by such inspectors. The outlook for continued need of high production of grains will result in this situation becoming increasingly more serious unless steps are taken to halt this trend.

Grading is mandatory for most grain sold by grade. Under the provisions of the U. S. Grain Standards Act, all grain sold by grade and moved in interstate or foreign commerce, from or to an inspection point, must be inspected and graded by an inspector licensed by the Department. The Department is responsible for the supervision of the grading activities of the licensed inspectors to insure reasonable accuracy and uniformity in the application of the standards established by law, and must handle appeals made from the grades determined by the licensed inspectors. Appeals are made by buyers, sellers or other interested parties who believe their grain has been improperly graded by the licensees.

Inspections by licensees have doubled since 1941. Federal supervision over the work of licensees has declined by about 9 percent since 1941, due principally to higher operating costs. During the same period, the number of inspections by licensees has almost doubled--from 1,268,181 in 1941 to 2,465,895 in 1952, and the proportion of licensees' inspections Federally supervised (including appeals) has decreased from 15 percent to only 8 percent. Of necessity, the appeals work is given priority and during peak periods on appeals at certain markets, little or no time remains for other supervision. Appeals have increased from 56,900 in 1941 to 99,600 in 1952. Both buyers and sellers look to the Federal grain supervisor for assurance that the proper grade is placed upon their commodities. With the lessening of Federal supervision their confidence in the licensees' grades lessens and they call more frequently for appeal inspections. This, in turn, further increases the workload of the Federal staff to a point where it is impossible to comply with all requests.

Improper grading affects costs to government and to commercial exporters. This situation could have a serious effect on the cost to the government of Commodity Credit Corporation operations under the export and price support programs, as well as costs to commercial exporters. Supervision of the inspection of cargo grain is extremely

important by reason of the large quantities involved and their value. Cargo shipments via coastwise, lake, and inland waterways are unloaded at destinations within the U. S. Failure to assign the same grade at point of loading and discharge means serious financial loss and disruption of forward contract obligations. Faulty grading on cargo lots moving in export reflects seriously and unfavorably in foreign markets on U. S. overseas trade. Inspection is necessary at both carlot unloading and cargo loading. It is particularly important that the correct grade be assured on grain for export because appeal grading is not possible after the grain is loaded on a ship. With flaxseed well over $4.00 per bu., a a 1 percent dockage loss on an average cargo would represent a loss of approximately $12,000. With wheat at $2.50 per bu., a 1 percent dockage loss would mean an average cargo loss of $7,500. Accordingly, adequate supervision of cargo inspection should be available at the time of loading.

Department employees at 42 locations are unable to adequately supervise licensed inspections at 252 points. There are 151 markets throughout the country where official inspection is maintained by licensees of the Department. Producers and merchandisers who ship their grain by grade to and from these inspection points are required by law to have their grain officially graded. Inspection service is available also at 101 additional or designated points upon request. These designated points are serviced by inspectors located at the nearest of the 151 inspection points. The Department maintains 35 District offices and 7 sub-offices to supervise the work and handle the appeals originating at the above 252 points. To meet changes in the grain marketing pattern during recent years, Federal employees have been shifted from one point to another for maximum efficiency. The available man-power is now so thinly spread that further moves would only shift the problem from one point to another.

Texas and Iowa situations acute. The situation in Texas and Iowa is particularly acute. Houston has grown considerably as a grain shipping port. In 1952, a total of 60,121 inspections were made and the supervisory employees at Galveston, District headquarters for Houston, were unable to handle the increased workload. The port of Port Arthur, Texas which is also in the Galveston district is rapidly becoming an active export market and more Federal supervision of inspection is urgently needed at this port. At Amarillo 26,247 inspections were made, and Fort Worth, District headquarters for Amarillo, being 350 miles away, could not fulfill all requests for service. Des Moines has become an important grain distribution terminal and milling center. There were 22,094 inspections of grain at this market during 1952. Cedar Rapids, District headquarters for Des Moines, is 130 miles distant, and this prevents the furnishing of adequate Federal service.

(2) An increase of $55,000 under the Project "Regulatory activities" composed of:

(a) $25,000 to strengthen supervision of operations at outlying stockyards presently posted under the Packers and Stockyards Act:

Need for Increase: The Act places on the Secretary the responsibility for regulating the livestock marketing and meat packing industries of the country so as to assure the furnishing of reasonable facilities and services to livestock producers and other patrons of public stockyards, the assessment of reasonable and nondiscriminatory yardage, commission, and feed charges, and the elimination of unfair practices from the operations of terminal stockyard companies, auction markets, commission firms, dealers, packers and live poultry handlers subject to the Act. All public terminal stockyards are now being supervised under the Act, but of the total auction markets eligible for posting and supervision, about one-half are now being covered. The staff, however, is too small and spread too thin to regulate and supervise adequately all yards now posted.

The increase requested would permit the Department to act more promptly in investigating shippers' complaints through closer supervision at outlying markets, the majority of which today are visited not more than four times annually. Listed below are examples of conditions which exist in the administration of the Packers and Stockyards Act. The increase will be used to reduce as far as possible the occurrence of the following and similar conditions:

(1) Weighing and other investigations have had to be delayed to concentrate on specific violations. Within the past two years trade practice investigations of weighing completed at two major stockyards developed evidence that 80 dealers in cattle and hogs operating at these markets were paying 33 weighmasters for false weights. The false weights involved, affecting both livestock producer-shippers and buyers, amounted to more than one and one-half million dollars annually. To conduct this investigation it was necessary to detail specialists from other field stations to assist the two trade practice analysts and the weighing engineer who are regularly assigned to handle such work. During the period of this investigation other work in districts from which the details were made had to be curtailed. Conduct of trade practice investigations of comparable importance have had to be held in abeyance for as much as a year. Other investigations of equal importance, concerning rates, trade practices, and monopolistic practices of packers have had to be delayed.

(2) Investigations of collusion delayed for months. For the past several years there has been pending a large backlog of investigational work to be completed. Within the past two months the Department has been urged by representatives of a State agency to investigate weighing at the auction markets in

their State, all of which are eligible for posting. Indications are that flagrant favoritism of buyers is being practiced in weighing livestock sold at such markets. There has also been pending within the Department for some time a request from a responsible operator of a terminal market that an extensive investigation of conditions at his yard be undertaken since he has reasonable grounds to believe collusive arrangements exist between certain commission firm salesmen and certain dealers and packers buying livestock at the market. Lack of personnel make it necessary that investigations of this type be delayed sometimes for as much as 6 months to a year.

(3) Losses to producers. Hardly a week now goes by that the Department does not have reported to it the failure of a packer to make payments for livestock purchases. In some instances the amounts involved are exceedingly large. This is fast approaching a condition similar to that which the packing industry experienced shortly after the close of World War II, when on the failure of one packer alone registrants under the Act incurred losses totaling approximately one million dollars. The Act does not authorize the bonding of packers to assure payment for livestock purchased. With increasing failures of packers to pay the agencies for livestock purchased, closer supervision will be needed than can now be provided to avoid losses to livestock producers and substantial increases in unfair trade practices.

(4) Supervision of bonding requirements inadequate. Since personal visits to the markets are essential to determine dealers and agencies subject to bond and to compute the amount of bond necessary, it is impossible to keep all dealers and others appropriately bonded unless personnel are available to make at least 6 trips annually to outlying markets.

Volume of work has increased but enforcement staff about same as 15 years ago. The force available today for enforcing the provisions of the Act is one of the smallest since the Act was passed in 1921, although the markets supervised and the volume of work handled have been more than doubled. Faced constantly with demands on the part of both producers and industry groups that closer supervision of public markets be provided, no further expansion of supervision can be made until additional personnel is available.

(b) $30,000 to license additional warehouse space and provide more adequate supervision of all warehouses licensed under the U. S. Warehouse Act:

Need for increase: The staff now available for administration of the U. S. Warehouse Act is too limited and too thinly spread to promptly conduct the investigations pre-requisite to the licensing of additional warehouse space for which applications are being made, or to make the complete and thorough examinations of presently licensed warehouses. These examinations are essential in providing the

protection and assurance to producers, buyers and bankers which was intended by the Act. Several factors are appearing which will further strain the facilities for this work and which indicate the urgent need for additional funds.

Warehouse regulations tightened up. As a result of conversions and thefts of grain and speculation with Commodity Credit Corporation stocks, the Department during the past year thoroughly reviewed warehousing policies, not only with respect to the CCC storage program but with respect to storage under the U. S. Warehouse Act. It was concluded that adequate protection of Government-owned stocks as well as protection of private depositors required a tightening up of regulations, including an increase in bonding requirements. Accordingly, regulations under the Warehouse Act have been and are being amended to accomplish this purpose, with a substantial increase in workload resulting. Further, because of the protection afforded by the inspection system under the Warehouse Act, bonding companies have a sliding scale for premiums charged warehousemen for bonds. Premiums are considerably lower for warehousemen licensed under the U. S. Warehouse Act than those charged other warehousemen. As a result it is expected that a greater number of applications will be made for license under the Warehouse Act.

More frequent inspections needed for licensed warehouses. Under the CCC uniform grain storage agreement, detailed analysis of financial statements is mandatory before approval of a warehouse, and, after approval, a minimum of two inspections per year is required for each approved house. For the past several years, in the Pacific Northwest area, it has not been possible to make more than one inspection per year of each warehouse licensed under the Warehouse Act. This is not only out of line with the Warehouse Act standards but it is also below the minimum standard for CCC.

In at least one other grain area, inspections of licensed houses have fallen slightly below two a year. In the two areas which have the largest number of licensed grain storage facilities, barely two inspections were made last year and that was possible only by reducing the quality of the inspections. In one of these areas, additional houses with substantial capacities are being licensed which will make it necessary to reduce inspections below two in 1953.

With respect to cotton warehouses, it has been possible to make an average of 2.5 to 3.0 inspections per house per year, but only because of the reduced stocks resulting from the small carryover in warehouses and early movement after harvest. With the Department's request for continuing high production, the stocks of cotton in warehouses which will have to be checked are expected to increase. This will reduce the number of inspections which can be made. In accordance with the Department's policy, at least two inspections of each warehouse should be made each year both for warehouses licensed under the U. S. Warehouse Act and for warehouses storing CCC-owned commodities. Since practically all Federally licensed warehouses store large quantities of grain and cotton under the

CCC program, it is doubly important to maintain Warehouse Act inspection standards at the level called for by Department policy.

Producers entitled to sound adequate inspection service. Unless the present staff is strengthened any expansion in either the number of licensed warehouses, increased capacity of presently licensed warehouses or any increase in storage holdings can only result in a further reduction in the number of inspections of each warehouse. Licensed warehousemen, insurance companies, producers and other depositors in warehouses, surety underwriters and lending agencies all rely upon this subsequent examination service and are continually demanding more frequent inspections than are now possible. Since loans in substantial amounts are made on the two to four billion dollars worth of agricultural commodities, which are owned by producers and stored annually in licensed warehouses, producers, generally, are definitely interested in a sound and adequate warehouse inspection service.

Adequate inspection service helps detect and prevent irregularities. There have been many cases where grain has been improperly handled and converted by warehousemen to their own use where an inadequate inspection system was in effect, including some Federally licensed warehouses where inspections are made, though less frequently than is needed. The Warehouse Act prohibits conversion, improper mixing of grades, or handling public grain for the benefit of warehousemen. However, since the identity of any particular lot of grain is lost when stored fungibly, only the closest supervision can deter warehousemen from engaging in these practices. In the past year more warehouse licenses have been suspended because of irregularities along these lines than in any other two-or-three-year period in the history of the Act. This trend of increasing irregularities will undoubtedly continue unless additional funds are made available to give closer supervision than is now possible.

Unprecedented demand for increased rates on part of licensed warehousemen. The Warehouse Act imposes on the Secretary the responsibility of determining that warehouse rates are not unreasonable or exorbitant and that warehousemen do not discriminate in the service rendered to depositors. With increasing costs in the industry, generally, the demand for increased rates on the part of licensed warehousemen is unprecedented. Some requests are fully justified but others can not be substantiated. Each request for increases, therefore, must be justified and the justification carefully analyzed before the final decision is made.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (deleted matter enclosed in brackets):

> For expenses necessary for acquiring and diffusing market information on agricultural commodities, food products and by products, the standardization, classification, grading, handling, storage and marketing thereof, * * * [$11,465,000: Provided, That hereafter the Secretary may contract with cooperatives furnishing classers and other facilities for classing cotton and may pay for such services an amount, some part of which may be in kind, not in excess of the value of the samples] $11,600,000.

The change in the language is for the purpose of deleting the provision authorizing the contracting with and the payment to cooperatives for cotton classing facilities. Since this language is permanent legislation retention of the provision in 1954 is not necessary.

STATUS OF PROGRAM

Current Activities:

The activities under this appropriation contribute to the efficient and orderly marketing of the production of American agriculture and aid farmers in obtaining the maximum return for this production. These activities are divided into five functional categories as follows:

(1) Market News Service assists farmers in obtaining equitable returns for their products and aids in orderly marketing and prevention of waste resulting from local surpluses by providing timely and reliable market news on all major agricultural commodities. This is accomplished through the collection of market information at permanent and seasonal offices maintained in more than 100 cities and towns and the dissemination of this information by mail, press, radio, telephone, telegraph, bulletin boards, and trade and farm publications.

(2) Inspection, Grading and Classing, and Standardization activities assist farmers in obtaining returns for their products commensurate with quality. This is accomplished by (1) establishing U.S.Standards for agricultural commodities or developing other methods that will accurately describe their quality and condition; (2) developing the equipment and methods by which these standards or other methods for evaluating quality may most effectively be applied; (3) providing an impartial inspection, grading, testing, and classing service for producers, dealers and others on the basis of these standards or other method of quality evaluation; (4) broadening the knowledge, acceptance and use of such standards or other method of quality evaluation by producers, dealers, manufacturers, consumers and others through demonstrations, training courses, color charts and photographs, plaster models, preparation and loan or sale of copies of standards, etc. ; and (5) administration and enforcement of regulatory and criminal provisions of statutes that require the use of official U.S.Standards for cotton, cotton linters, and grain sold in interstate commerce and for tobacco sold at designated auction markets.

(3) Improvement of Marketing Practices includes studies and the compilation and dissemination of information to improve marketing methods and practices and processing techniques, and the development of basic principles for improvement of market and storage facilities.

(4) Freight Rates for Farm Products activities assist in obtaining and maintaining equitable transportation rates and services on farm products through the Department's participation in cases before the Interstate Commerce Commission and informal negotiations with carriers and groups of carriers.

(5) Regulatory activities involve the administration of the Standard Container, United States Warehouse, Federal Seed, Packers and Stockyards, Tobacco Plant and Seed Exportation, Federal Insecticide, Fungicide and Rodenticide Acts, and the regulatory features of the Naval Stores Act. These Acts regulate various marketing activities, and the administration of each includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations.

Revenue

The total cost of these services during 1952 was over $24 million. Fees and other revenue collected covered over half of this expense. The statutes governing the collection of this revenue require that certain fees, receipts from sales of samples, etc., be deposited to Miscellaneous Receipts of the Treasury while other revenue is used to finance the activity involved. These statutes also provide for the establishment of trust funds in connection with the inspection and grading of agricultural commodities. Fees are deposited to these trust funds and the inspection and grading expenses are paid from them. The table on the next page shows, by the five functional activities, the cost of these services by source of funds.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

TOTAL COST OF MARKETING SERVICES PROGRAMS, BY ACTIVITIES, BY SOURCE OF FUNDS AND EXTENT OF COST OF PROGRAMS TO TAXPAYER
FISCAL YEAR 1952

Work Project	Total Cost of Activity						Income to General Revenue Fund of Treasury	Net Cost to Taxpayer	Percent of Total Cost Charged to Taxpayer	Percent of Total Cost Covered by Revenue
		Paid from Revenue Earned								
	Total	Reimbursement to Appropriation	Trust Funds	Total	Paid from Advances from CCC	Paid from Appropriation				
Market News Service 1/	$2,913,982	$113,749	-	$113,749	-	$2,800,233	-	$2,800,233	96.1	3.9
Inspection, Classing & Grading, & Standardization	18,551,869	2/ 1,496,357	$10,372,615	11,868,972	3/ $791,482	5,891,415	$2,197,246	4,485,651	24.2	75.8
Improvement of marketing practices	401,008	-	-	-	-	401,008	-	401,008	100.0	-
Freight rates for farm products	167,263	-	-	-	-	167,263	-	167,263	100.00	-
Regulatory activities	2,120,403	4,622	-	4,622	-	2,115,781	17,762	2,098,019	98.9	1.1
Total	24,154,525	1,614,728	10,372,615	11,987,343	791,482	11,375,700	2,215,008	9,952,174	41.2	58.8

1/ Does not include cost of the service paid directly by the State under cooperative agreements.
2/ Includes amounts reimbursed by CCC for grading tobacco and classing cotton placed under loan.
3/ Reflects costs incurred under funds advanced by CCC for grading tobacco and classing cotton not placed under loan.

Recent Progress and Trends:

I. Market News Service

A. Market News Activity by Commodity Group, Fiscal Year 1952

Commodity Group	Number of field offices	Number of buyers and sellers interviewed	Number of radio stations broadcasting reports	Number of television stations broadcasting reports	Mimeographed Releases to Growers, Shippers and others	Number on mailing list
Cold storage report	None	1/ 1,800	2/	None	3/ 48,000	4,000
Cotton and Cottonseed:						
Year-round	34					
Seasonal	2					
Total	36	10,996	465	4	1,719,916	55,111
Dairy and poultry products	31	1,400	860	8	11,650,000	50,000
Fruits and vegetables:						
Year-round	23					
Seasonal	27					
Total	50	3,600	563	4	10,313,200	71,700
Grain, feeds and related products	6	1,350	592	10	1,894,228	63,500
Livestock, meats and wool	37	3,700	1,199	16	4,744,620	26,757
Molasses and sugarcane sirups	None	20	None	None	136,500	2,625
Naval Stores	1	55	12	None	145,000	600
Tobacco:						
Year-round	2					
Seasonal	8					
Total	10	4/ 1,000	98	None	1,119,432	5,500

1/ Information supplied by operators of cold storage warehouses.
2/ Cold storage data made available to 1200-1400 radio stations. Highlights from these reports are broadcast at the discretion of the station operators. The report in its entirety is not broadcast as are the others.
3/ In addition to these releases dealing solely with cold storage holdings, the cold storage information is included in many of the commodity market news releases which give it a circulation of about 336,000 copies.
4/ Reflects only quarterly stocks report. Information for other market news reports obtained from summarizing data on sales tickets attached to lots of tobacco at auction markets.

I. MARKET NEWS SERVICE (Continued)

B. Additions, Changes and Specific Improvements in Service during 1952

1. A weekly report on inedible molasses (cane blackstrap, beet and citrus molasses and hydrol), initiated in 1951 on an experimental basis under Research and Marketing Act, was placed on a permanent basis under Marketing Services in 1952.

   This report carries prices, supply and demand conditions at 18 major U.S. port terminals, prices at six major inland feed mixing centers, beet molasses prices and market conditions at six major consuming points, citrus molasses prices and market conditions at 10 shipping points in Florida and periodic information on Cuban molasses prices, production and shipments. During 1952 coverage was extended to include 11 points for citrus molasses, coverage of beet molasses in all major producing areas, and prices and supply conditions for hydrol (corn molasses) at 4 production points.

2. Initiated an annual report showing estimates of varieties of cotton planted. The report will be prepared and issued just prior to the harvesting season to supply users of American cotton with this much-needed information.

3. Grain Market News Office at Chicago closed and mailing lists transferred to Kansas City and Minneapolis.

4. Instituted a program for reporting supplies and distribution of wheat in the Pacific Northwest.

5. Establishment of maximum ceilings on wholesale meat prices greatly reduced the daily price fluctuations. The daily meat trade reports at New York, Chicago, and Philadelphia were therefore suspended and three reporters were assigned to standardization and grading activities. One reporter at New York observed daily trading and prepared report for leased wire and radio dissemination. A weekly review was prepared at each office for distribution to mailing lists.

6. Price reporting of ready-to-cook poultry was begun at Cincinnati, Los Angeles and Pittsburgh as were reports of f.o.b. and jobbing prices of eggs at Baltimore, and prices of frozen eggs and receipts of dairy and poultry products at Pittsburgh.

7. The Fruit and Vegetable office at Fort Worth, Texas was moved to Dallas which has become a larger and more important terminal market during the past few years.

I. MARKET NEWS SERVICE (Continued)

B. Additions, Changes and Specific Improvements in Service During 1952

8. The Fruit and Vegetable seasonal office at Martinsburg, W. Va., usually operated from Sept. 1 to Dec. 15 was operated from Sept. 1, 1951 through March 31, 1952. The States of Maryland, Virginia and West Virginia contributed 40 percent of the total cost of the additional 3-1/2 months.

C. Federal-State Cooperation

New agreements want into effect in 1952 as follows:

State	Commodities Reported
Florida	Fruits and Vegetables
South Carolina	Fruits and Vegetables
Texas	Dairy and Poultry Products, Fruits and Vegetables, and Rice.

The following table shows all States cooperating in this program and commodity groups reported in each State.

I. MARKET NEWS SERVICE (Continued)

C. Federal-State Cooperation (Continued)

Federal-State Cooperative Agreements, Fiscal Year 1952

Commodity Group and States				
Dairy and Poultry Products	Fruits and Vegetables	Grain and Feed Products	Livestock, Meats & Wool	Tobacco
Alabama	Alabama	Alabama	Alabama	---
---	Arizona	---	---	---
Arkansas	Arkansas	Arkansas	---	---
California	California	California	California	---
---	Colorado	---	---	---
Delaware	---	---	---	---
---	Florida	---	Florida	---
---	Georgia	---	Georgia	---
---	Idaho	---	---	---
---	---	---	Indiana	---
Iowa	---	Iowa	Iowa	---
Kentucky	Kentucky	Kentucky	Kentucky	Kentucky
Louisiana	Louisiana	Louisiana	Louisiana	---
---	Maine	---	---	---
Maryland	Maryland	Maryland	Maryland	Maryland
Michigan	Michigan	---	---	---
---	Minnesota	---	---	---
Mississippi	Mississippi	Mississippi	---	---
---	New Jersey	---	---	---
New York	New York	---	---	---
North Carolina	No.Carolina	No. Carolina	No.Carolina	No.Carolina
Ohio	Ohio	---	---	---
---	Oklahoma	---	Oklahoma	---
Oregon	Oregon	Oregon	Oregon	---
Pennsylvania	Pennsylvania	---	---	---
---	So.Carolina	---	---	---
Tennessee	Tennessee	Tennessee	Tennessee	Tennessee
Texas	Texas	Texas	Texas	---
Utah	Utah	Utah	Utah	---
Virginia	Virginia	Virginia	---	Virginia
Washington	Washington	---	---	---
---	West Virginia	---	---	West Virginia
Wisconsin	---	---	---	---
Total States -21	29	14	15	6
---	Hawaii	---	---	---
Total Agreements - 21	30	14	15	6

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION

A. Volume of Service

Volume of Inspections and Gradings by Commodity Groups,
Fiscal Years 1950-1952

Commodity Group	Fiscal Year 1950	Fiscal Year 1951	Fiscal Year 1952
Fresh fruits and vegetables (car or carlot equivalent):			
At receiving markets ...	76,709	93,153	105,991
At shipping points	1,165,795	1,249,061	1,151,642
Total carlots	1,242,504	1,342,214	1,257,633
Processed fruits and vegetables:			
Canned products (cases)..	104,647,090	118,412,127	113,282,846
Frozen, dried and miscellaneous (lbs.) ..	1,215,538,071	1,108,308,818	1,543,283,468
Marine products, canned (cases)	135,660	1,061,247	617,146
Dairy products:			
Butter, cheese, dry skim milk and miscellaneous products (lbs)	1,650,879,659	1,518,972,305	764,633,534
Evaporated milk (cases)..	1,406,315	1,038,223	1,354,652
Poultry products:			
Shell eggs (cases).....	14,272,824	14,831,642	15,000,000
Processed eggs (lbs.)...	797,169,847	648,632,982	340,000,000
Poultry (lbs.).....	901,636,462	1,057,547,295	1,375,748,400
Poultry processed under USDA sanitary standards (lbs.)	*	*	1,460,000,000
Grain and related products:			
Grain (bushels)	4,036,356,000	4,650,822,000	4,811,939,000
Rice, beans and peas (100# bags)	31,048,238	33,256,594	35,653,994
Hay (tons)	54,452	59,235	64,837
Hops (bales)	231,026	275,853	256,000
Seed verification and reverification (lbs.)...	85,290,000	62,082,000	79,730,033
Miscellaneous commodities (certificates issued)..	12,715	9,465	6,649
Meat and meat products (lbs):			
Beef	2,163,378,000	3,198,081,000	8,403,056,000
Veal and calf	102,014,000	163,907,000	976,390,000
Lamb and mutton	114,371,000	152,059,000	574,939,000
Miscellaneous	270,696,000	185,195,000	139,220,000
Total, meat and meat products	2,650,459,000	3,699,242,000	10,093,605,000

* Service initiated 7-1-51

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

A. Volume of Service (Continued)

Volume of Inspections and Gradings by Commodity Group
Fiscal Years 1950-1952
(Continued)

Commodity Group	Fiscal Year 1950	Fiscal Year 1951	Fiscal Year 1952
Wool (samples tested) ...	79	24	---
Cottonseed (samples analyzed)	159,135	88,623	125,109
Cotton (Total classifications)	15,778,313	8,555,675	12,576,914
Tobacco (pounds inspected at auction markets).....	1,956,000,000	2,020,000,000	2,356,000,000
Naval Stores:			
Rosin (Total 520# drum equivalent).....	8[illegible]0,475	570,643	625,270
Turpentine (total gallon equivalent).....	8,3[illegible]5,021	8,981,055	8,880,261
Cotton Linters (total classifications).....	211,500	177,045	105,712

B. Financing

1. Funds Available

The work under this project relating to cotton and cottonseed, grain and tobacco and the standardization activities for all commodity groups are financed largely from the appropriation. For other commodities, fees collected for the service are used to pay a large part of the expenses of the inspection work.

The Agricultural Appropriation Act for 1952 authorized advances each year from the Commodity Credit Corporation as needed, in addition to other funds available, to assure ability to perform the classing of cotton and the grading of tobacco without charge to producers. The Corporation is to be reimbursed through subsequent appropriations to the extent necessary for costs of classing and grading commodities not placed under commodity loan.

2. Revenue and Net Cost of Service

Certain items of revenue other than the earnings used to defray expenses are deposited to "Miscellaneous Receipts" of the Treasury. The net cost of this project in 1952 to the taxpayer was about 4.5 million dollars or 24 percent of the total cost of the program.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

B. Financing (Continued)

2. Revenue and Net Cost of Service (Continued)

Total Cost of Inspection, Grading and Classing and Standardization Activity and Cost of Program to Taxpayer, by Work Project - Fiscal Year 1952

Work Project	Total Cost of Activity: Total	Paid from Revenue Earned: Reimbursement to Appropriation 1/	Paid from Revenue Earned: Trust Funds	Paid from Revenue Earned: Total	Paid from Advances from CCC 2/	Paid from Appropriation	Income to general Revenue Fund of Treasury	Net Cost to Taxpayer	Percent of Total Cost Charged to Taxpayer	Percent of Total Cost Covered by Revenue
	$	$		$	$	$	$	$		
Cotton and Cottonseed..	2,841,050	230,710	---	230,710	777,730	1,832,610	1,682,574	927,766	32.7	67.3
Dairy and Poultry Products....	3,318,937	16,973	$3,087,015	3,103,988	---	214,949	--	214,949	6.5	93.5
Fruits and Vegetables..	3,829,103	915,294	2,291,540	3,206,834	---	622,269	240,713	381,556	10.0	90.0
Grain (Inclds: U S Grain Std's. Act..	1,427,239	2,000	---	2,000	---	1,425,239	267,320	1,157,919	81.1	18.9
Livestock, Meats & Wool.	4,596,964	---	4,495,764	4,495,764	---	101,200	811	100,389	2.2	97.8
Naval Stores.	54,388	---	17,537	17,537	---	36,851	2,015	34,836	64.1	35.9
Rice, Hay, Beans, etc..	576,376	140	480,759	480,899	---	95,477	2,600	92,877	16.1	83.9
Liquid Sugar, Sirups and Molasses ...	17,031	---	---	---	---	17,031	---	17,031	100.0	---
Tobacco	1,890,781	331,240	---	331,240	13,752	1,545,789	1,213	1,558,328	82.4	17.6
Total	18,551,869	1,496,357	10,372,615	11,868,972	791,482	5,891,415	2,197,246	4,485,651	24.2	75.8

1/ Includes amounts reimbursed by CCC for grading tobacco and classing cotton placed under loan.
2/ Reflects costs incurred under funds advanced by CCC for grading tobacco and classing cotton not placed under loan.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued

C. Inspection Rates:

Inspection rates and charges for copies of standards are changed from time to time as necessary in order to provide revenue more nearly commensurate with cost.

1. The regulations covering cotton fiber and spinning tests under the Cotton Testing Service Act of 1941 were amended effective January 1, 1952 to make provision for new tests developed, eliminate tests no longer used and to adjust fees to more nearly meet the cost of performing the service. Fees now range from 25¢ to $55 depending on the test.

2. Revisions in the rates for inspection of naval stores effective February 8, 1952 reflected an average increase of about 50 percent.

3. Fees for rice inspection were revised effective July 10, 1951 and for miscellaneous commodities and products effective July 1, 1951.

4. Fee rates for inspection of fresh fruits and vegetables at terminal markets and all processed fruits and vegetables were increased from $3.00 to $3.60 per hour, effective July 16, 1951 and July 23, 1951, respectively, with comparable revisions in unit rates. Some cooperative agreements have been amended during the year to change shipping point fees from 20¢ per car to 5 percent of the fees collected by the cooperating agency.

5. Rates for the grading and inspection of dairy and poultry products were increased from $3.00 to $3.60 per hour effective July 1, 1951, with comparable increases in unit and contract rates. On April 1, 1952 further increases ranging from 15 to 33 percent were made, principally in the per vat rates for grading butter and cheese, carlot sampling fees for dry and evaporated milk, and fees for laboratory analyses for certain factors.

6. Regulations governing the distribution of practical forms of wool standards and wool top standards were amended effective June 20, 1952 to discontinue the sale of partial sets of the standards and to provide for an increase in the charges for the official standards.

D. Recent Developments in Inspection and Grading and Classing Activities in Specific Commodity Fields

1. Cotton and Cottonseed

The 1951 U.S. cotton crop of approximately 15.1 million running bales was the eighth largest on record. This resulted in a substantial increase in the volume of cotton classing com-

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments in Inspection and Grading and Classing Activities in Specific Commodity Fields (Continued)

1. Cotton and Cottonseed (Continued)

pared with 1951. Nearly 10 million samples, or about 65 percent of total U.S. ginnings, were classed for producer members of cotton quality improvement groups organized under the Smith-Doxey Amendment.

Cotton Classifications by Federal Employees and Licensed Classers (Federally Supervised) for Fiscal Years 1948-1952

	Number of Classifications Made - Fiscal Years				
	1948	1949	1950	1951	1952
Cotton:					
Classifications by Federal Employees					
Grade and Staple Statistics Act.....	381,931	494,756	215,155	298,755	379,672
Smith-Doxey (Amendment) Act	4,309,581	8,066,734	10,355,955	5,215,406	9,843,643
Cotton Standards Act:					
Public Classing Service	1,005,096	1,240,357	1,405,737	666,775	338,073
Mutual Security Agency (Reimb.)	---	325,401	620,011	405,222	139,377
Federal Penitentiary (Reimb.)	12,633	18,528	25,586	23,636	19,292
Other	---	---	45,787	32,738	31,426
Cotton Futures Act	429,731	244,652	464,398	191,182	433,297
Subtotal	6,138,972	10,390,428	13,132,629	6,833,714	11,184,780
Classification by Licensed Classers (Supervised by Federal Classers)					
Cotton Standards Act .. (Includes bale classifications and samples classed in sorting cotton into lots by grades and staple)	4,230,849	5,582,470	2,645,684	1,721,961	1,392,134
Total, Cotton Classifications	10,369,821	15,972,898	15,778,313	8,555,675	12,576,914
Cotton Linters:					
Classifications by:					
Federal employees.....			1,500	6,839	10,712
Licensed classers			213,000	170,206	95,000
Total, Cotton Linters Classifications			214,500	177,045	105,712

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments in Inspection and Grading and Classing in Specific Commodity Fields (Continued)

1. Cotton and Cottonseed (Continued)

Growth of Classification Service for Grower Members of Cotton Improvement Groups (Smith-Doxey Amendment)

Fiscal Year	Crop Year	Members	Samples Classed	Percentage of Crop Classified
1939	1938	18,589	83,592	0.7
1940	1939	64,399	265,090	2.3
1941	1940	128,216	1,530,764	12.4
1942	1941	278,782	2,520,083	24.0
1943	1942	281,100	3,567,095	28.7
1944	1943	281,493	3,350,622	30.1
1945	1944	318,700	4,069,117	34.1
1946	1945	342,900	2,905,437	32.8
1947	1946	343,704	2,580,273	30.2
1948	1947	346,500	4,309,581	37.3
1949	1948	371,061	8,066,734	55.3
1950	1949	497,064	10,355,955	65.1
1951	1950	507,873	5,215,406	52.6
1952	1951	495,391	9,843,643	65.3

Cotton Fiber Testing Service:

The 54,477 fiber and spinning tests performed, and fees of $46,508 collected for deposit to the Treasury during 1952 exceeded that of any previous year.

Cottonseed Inspection:

Cottonseed inspection certificates were issued by 23 licensed chemists on about 65-75 percent of the crop last year.

2. Dairy and Poultry Products:

a. On July 1, 1951 a new phase of poultry inspection and grading was instituted under regulations requiring that all New York dressed poultry, if to be graded or if to move into eviscerating plants for further processing, must be killed and dressed in plants approved by the Department as meeting the sanitary requirements of the regulations governing the inspection and grading of poultry and edible products thereof for condition and wholesomeness. Similar regulations also became effective in connection with the grading and processing of rabbits.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments in Inspection and Grading and Classing Activities in Specific Commodity Fields (Continued)

2. Dairy and Poultry Products (Continued)

b. Inspection of poultry for wholesomeness and condition expanded rapidly, and at the end of 1952 over 200 plants were listed as officially approved to receive this service. This represented a nearly 100 percent increase over the previous year.

c. The volume of dairy products graded reflected a substantial decline in 1952 due not only to the limited government purchases of cheddar cheese and non-fat dry milk solids, but also to a slight decline in production and a strong demand with relatively high prices for most dairy products.

3. Fruits and Vegetables:

a. The 1,257,633 carlot equivalents of fresh fruits and vegetables inspected in 1952 were only 84,581 less than the record high of 1951. All types of inspection increased or remained at approximately the same level as last year except commercial inspections at shipping point. While inspections for commodities other than potatoes increased there was a sharp reduction in the inspection of potatoes due to the short crop, the discontinuance of price support, and the imposition of price ceilings on a grade basis without mandatory inspection.

b. Terminal market offices were opened at Savannah, Georgia; Portland, Maine and San Juan, Puerto Rico.

c. The volume of inspection on raw products for processing as well as the areas served continued to increase. This service has become increasingly important each year and especially in the post-war period when the freezing of fruits and vegetables has made such phenomenal growth.

d. The use of wholesale grades on consumer size packages materially increased, especially on potatoes and citrus fruits, as the shift from 100# sacks for potatoes and 1-3/5 bushel boxes for citrus fruits to smaller containers was accelerated.

e. There was a substantial increase over 1951 in the volume of dried and frozen products inspected due to increased production of these products and to an increase in the number of plants approved to pack under continuous inspection.

f. Continuous factory inspection was approved for 110 companies with 140 plants at the close of the year compared with 104 companies with 134 plants in 1951. This expansion again contributed to a further decrease in 1952 inspections of canned fruits and vegetables.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments in Inspection and Grading and Classing Activities in Specific Commodity Fields (Continued)

4. United States Grain Standards Act:

a. Coverage

During 1952, original inspection of grain was available at 151 established inspection points and 101 additional designated points. There were 508 inspectors licensed under the Act. Appeal services were available at 35 district offices and 7 sub-offices.

b. Inspections and Appeals

(1) Inspectors, licensed and supervised under the Act, performed nearly 2.5 million inspections of grain -- a new high record.

(2) Nearly 100,000 appeals were decided by the district offices, which was 26 percent more than last year and by far the largest number ever handled. The 1,444 Board appeals were 59 percent more than were handled in 1951. The unusually large movement of grain for export again contributed to the large number of inspections and appeals.

(3) The generally inferior quality of the 1951 crops of corn, wheat and barley and unfavorable weather during harvest resulted in heavy demands on the inspection and appeal service and contributed to many difficult and unusual inspection problems. Conditions such as were encountered in 1952 make it very difficult to maintain inter-market uniformity in the grade of grain.

a. The corn crop from certain areas was of very poor quality. Test weight per bushel, moisture content, and damaged kernels were the principal grading factors on corn from these areas and in many cases each of these factors caused the corn to be graded Sample grade. The prevailing system of discounts in the grain trade required that all these factors be determined on each lot. This resulted in considerable inspection difficulty by both the inspectors and supervisors since uniformity in determinations is much more difficult to achieve in such low quality grain.

b. The major portion of the hard red winter wheat crop in the Southwest was harvested during wet weather. In many cases the wheat was stored containing too much moisture and as a result, germ damage, musty odor, and out-of-condition grain developed to a much greater extent than in any previous crop. Inspection was consequently slowed down considerably and uniformity in the application of the standards suffered on account

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued).

D. Recent Developments in Inspection and Grading and Classing Activities in Specific Commodity Feilds (Continued)

4. United States Grain Standards Act (Continued)

b. Inspections and Appeals (Continued)

(3) b. (Continued)

of the difficulty in applying the damage factor. In the Northwestern States the harvesting conditions were such that considerable sprout damage developed in hard red spring wheat and durum wheat. As this was stored, much of it became out-of-condition.

c. Some of the barley in the Northwestern area was affected in the same way as wheat. As a result it was necessary to analyze much of the barley for damaged kernels, a factor which is not ordinarily found in this crop.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments in Inspection and Grading and Classing Activities in Specific Commodity Fields (Continued)

4. United States Grain Standards Act (Continued)

Volume of Inspection and Appeal Activities under the Grain Standards Act, Fiscal Years 1947-1952

Activity	1947	1948	1949	1950	1951	1952
Total number of inspections	2,117,641	2,100,479	2,318,304	2,120,050	2,440,607	2,465,895
Inspections supervised by Federal Supervisors (does not include appeals)	140,307	126,040	129,292	127,995	110,142	98,633
Percent of inspections supervised ...	6.6	6.0	5.6	6.0	4.5	4.0
Appeals to District Offices decided .	46,640	56,687	80,954	73,743	79,053	99,599
Original grade sustained (percent) ..	57	59	58	66	63	69
Original grade changed (percent)	43	41	42	34	37	31
Appeals carried to appeal boards	462	631	901	1,098	910	1,444
Supervisors' grades sustained (percent)	79	83	80	81	84	82
Supervisors' grades changed (percent)	21	17	20	19	16	18
Quantity of grain produced - crop year (1,000 bu.)	6,512,838	5,517,443	7,105,002	6,272,560	6,385,246	5,994,950
Quantity of grain inspected (1,000 bu.)	4,097,624	4,050,195	4,544,055	4,036,356	4,650,822	4,811,939
Total number of certificates issued .	2,164,743	2,157,796	2,400,159	2,194,851	2,520,570	2,566,938

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments in Inspection and Grading and Classing in Specific Commodity Fields (Continued)

5. Livestock, Meats and Wool:

Meat Grading:

The 10 billion pounds of meat of all types, classes, and grades officially graded in 1952 was three times the volume graded in the previous year because grading of beef, veal, calf and lamb and mutton was required under O.P.S. regulations. The organization and management of the meat grading service were thoroughly surveyed in order to adjust the scope of the service. On June 30, 1952 there were 530 meat graders and 67 supervisors engaged in carrying out the program.

6. Naval Stores:

a. Inspection and certification of rosin totalled 625,270 drum equivalents compared with 570,643 in 1951. The increased activity was due primarily to greater loan activity. Loan rosin is packed in drums and inspection is mandatory.

b. There was a decline in the volume of inspection of turpentine in small containers. This probably reflected the reduced demand on the retail level during the winter and early spring months due primarily to sharp curtailment in consignment sales by packers. About 707,000 gallons of turpentine were inspected upon being loaded into tankers for export. This was only about one-third of the volume in 1951 which can be attributed primarily to lack of dollar exchange.

c. Volume of Naval Stores Inspected, Fiscal Years 1947-1952

Item	1947	1948	1949	1950	1951	1952
Rosin:						
Drums (520 lbs.)	167,825	438,320	874,925	762,958	491,916	566,298
Bags (100 lbs.)	25,894	170,538	171,648	209,583	266,435	238,579
Tank cars	33	87	15	35	159	75
Total drum equivalent of Rosin	178,085	485,036	911,654	810,475	570,643	625,270
Turpentine:						
Drums (55 gallons)....	747	2,952	2,121	10,201	18,630	25,253
Tank cars	65	174	185	197	141	255
Tank steamers (gals.).	---	---	---	---	2,140,176	707,000
Gallons in misc. small containers	52,935	2,696,633	4,674,758	6,197,966	4,970,229	4,744,260
Total gallon equivalent of turpentine	614,020	4,250,993	6,273,413	8,335,021	8,981,055	8,880,261

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments in Inspection and Grading and Classing Activities in Specific Commodity Fields (Continued)

7. Rice, Hay, Beans, Peas, Seed, Hops and Miscellaneous Agricultural Commodities:

a. The total number of certificates issued was 73,787 compared with 68,754 in 1951. The volume of beans and peas inspected was about 30 percent less and the inspection of miscellaneous commodities (mostly flour) for compliance with contract specifications was smaller. The quantity of rice inspected, however, was the largest on record or about 50 percent greater than in 1951 due to the exceptionally large crop and the demand for rice by the armed forces and requirements in occupied Oriental countries.

b. About 11,500 samples of rough rice were inspected for grade and milling yield as a result of the introduction of the revised standards which embody a new principal of determining milling yield.

c. About 20 percent more alfalfa seed was verified as to origin than in 1951. The total verification included 3-1/2 million pounds of Canadian alfalfa seed which was verified as to origin for the first year.

d. In November, 1951 an inspection service was inaugurated to cover agricultural and vegetable seeds in foreign commerce. Instructions and procedures for the conduct of this service were published.

8. Sirups, Liquid Sugar and Molasses:

a. A publication entitled "U.S.Grades for Sugarcane Sirup and the Federal Grading Services" was prepared and distributed to producers and distributors of this product. The publication briefly describes sugarcane sirup grades and gives some information as to the available types of inspection services and their approximate costs. A similar publication is in process for edible sugarcane molasses.

b. An inspection handbook for sugarcane sirup was completed and issued and similar handbooks are in process for edible molasses and refiners' sirups. Many producers and distributors were contacted in order to acquaint them with the alternative methods and procedures of using the service. Producers and distributors have requested that this service be continued.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments in Inspection and Grading and Classing Activities in Specific Commodity Fields (Continued)

9. Tobacco:

All of the 170 tobacco auction markets were Federally inspected in 1952. Although this was the same number covered in 1951, the quantity of tobacco inspected increased nearly 350 million pounds due to increased production in all types but principally Burley, flue-cured, and Maryland.

a. Number of Markets and Volume of Tobacco Inspected

Item	Fiscal Years							
	1937*	1945	1947	1948	1949	1950	1951	1952
Number of markets	136	145	152	153	156	169	170	170
Number of designated markets	20	141	147	151	152	158	168	170
Number of markets inspected	20	110	147	153	155	169	170	170
Number of sets of buyers 1/	26	147	206	217	218	228	230	229
Tobacco inspected at auction markets (million pounds) ...	169	1,478	2,273	2,045	1,973	1,956	2,020	2,356
Tobacco inspected as a percent of total pounds sold at auction	15.1	77.1	99.2	98.8	99.9	100	100	100

* First year of operation under Act of 1935.

1/ A set of tobacco graders (averaging three) is required for each set of buyers.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

D. Recent Developments in Inspection and Grading and Classing Activities in Specific Commodity Fields (Continued)

9. Tobacco: (Continued)

b. Volume of Inspection of Tobacco by Class for Fiscal Year 1952

Class of Tobacco	Number of Auction Markets Designated and Inspected	Sets of Buyers	Pounds Sold	Pounds Inspected	Percent Inspected
Auction Markets:					
Flue-cured	88	140	1,574,527,822	1,574,527,822	100
Fire-cured	10	13	55,402,603	55,402,603	100
Dark-air cured	10	6	31,555,580	31,555,580	100
Burley	58	65	649,102,597	649,102,597	100
Maryland	4	5	45,498,670	45,498,670	100
Total	170	229	2,356,087,272	2,356,087,272	100
Cooperative Marketing Associations				270,654,000	
Grand Total..				2,626,741,272	

E. Standardization and Related Activities:

U.S. Standards provide a common language to describe quality of products being bought and sold. They must be revised and kept up-to-date as significant changes occur in production, merchandising practices and uses of the products. Visual aids are an essential part of this work to assure as much uniformity as possible in the application of the standards.

1. The Volume of Standardization and Demonstration Activities in 1952 by Commodity Group is Reflected in Table I.

2. Examples of specific standardization activities:

a. Revised grade standards for American Egyptian cotton were promulgated July 1951 effective August 1952 and revised grade standards for American Upland cotton were promulgated August 1952 effective August 1953. Detailed laboratory measurements were made of color and foreign material content of all cottons used in the revised standards.

b. The Department announced its intention to amend the cottonseed grading system to provide for the inclusion of linters on an optional basis as a factor in the grading of cottonseed. A linter factor has long been recognized as necessary improvement in the grading system.

TABLE I

1. Volume of Standardization and Demonstration Activities in 1952 by Commodity Group

Types of Activity	Commodity Group: Cotton and Cottonseed	Dairy & Poultry Products	Fruits and Vegetables	Grain, Hay, Feed, Seed, etc.	Livestock: Meats and Wool	Sugarcane: Sirups Molasses	Tobacco and Naval Stores
Standardization Activities:							
Number of grade standards in effect 6-30-52	131	11	246	20	8	2	2,570
Number of commodities covered	3	9	180	20	15	2	2
New Standards issued in fiscal year 1952	-	2	6	-	-	2	-
Standards revised in fiscal year 1952	20	2	3	2	-	-	-
New Standards in process 6-30-52	4	9	9	1	-	2	791
Standards being revised as of 6-30-52	33	2	12	3	2	-	637
Requests pending for new standards	-	7	10	-	4	-	300
Requests pending for revision of standards.	-	-	6	1	-	-	637
Demonstration Activities:							
Farm Demonstrations: Number	-	-	-	-	-	75	980
Attendance	-	-	-	-	-	200	22,274
Farmer Meetings: Number	326	-	-	50	-	2	382
Attendance	15,997	-	-	2,500	-	50	2,66[illegible]
Farm Visits	1,971	3	-	-	-	100	220
School Demonstrations: Number	99	3	15	42	2	-	1,211
Attendance	2,568	300	450	1,920	50	-	45,229
Short Courses at Agricultural Colleges:							
Number	42	-	2	-	1	-	4
Attendance	1,115	-	280	-	200	-	184
Other Demonstrations: Number	300	-	34	-	102	-	-
Attendance	550	-	675	-	11,660	-	-
Distributed: Copies of Standards	37	25,415	181,640	12,400	28,000	5,000	1,800
Farmers bulletins, etc.	12,973	5,350	1,500	3,900	85,000	3,000	73,650
Grading Schools: Number	-	2	-	-	-	-	-
Attendance	-	95	-	-	-	-	-
Assisted in Inspectors Training Schools:							
Number	-	-	9	-	-	-	-
Attendance	-	-	250	-	-	-	-
Packing houses & processing plants visited	-	-	282	-	-	150	-
Industry organization meetings attended:							
Number	-	-	36	-	-	1	-
Attendance	-	-	1,711	-	-	50	-
Inspectors conferences attended:							
Number	-	-	11	-	-	-	-
Attendance	-	-	131	-	-	-	-
Meetings to demonstrate and discuss grades and inspections:							
Shippers and processors	45	19	155	-	-	-	-
Growers	-	-	321	-	-	-	-
Inspectors training classes	-	-	105	-	-	-	-
Visual Aids:	a/						
Plaster models prepared	-	-	394	-	-	-	-
Plaster models distributed	-	-	442	-	-	-	-
Color photographs prepared	-	-	69	-	-	-	-
Color photographs distributed	-	-	106	-	-	-	-
Black and white photographs prepared	-	-	1,273	-	-	-	-
Black and white photographs distributed	-	-	1,151	-	-	-	-
Color guides prepared	-	-	203	-	-	-	-
Color guides distributed	-	-	443	-	-	-	-
Type samples of grain, hay, beans, peas and rice distributed	-	-	-	3,984	-	-	-
Charts of retail and wholesale cuts of meat	-	-	-	-	2,189	-	-
35 mm film strip	-	-	-	-	466	-	-
Color charts	-	63,430	-	-	-	-	-
Slides Prepared	15	240	-	-	-	-	-
Slides Distributed	-	48	-	-	-	-	-
Exhibits	13	3	-	-	-	-	-

a/ Official cotton grade standards and staple types are demonstrated at practically all farmers meetings.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

E. Standardization and Related Activities

2. Examples of specific standardization activities (Continued)

c. The standards for grades of both carcass and slaughter barrows and gilts were proposed for official adoption in the October 6, 1951 issue of the Federal Register. Based on an analysis of the comments received, the grade standards were officially promulgated on September 12, 1952.

d. Standards for sugarcane and refiners' sirups were officially promulgated and standards for edible sugarcane molasses were finalized and in process of issuance at the close of the year. Since July 1, 1952 standards for edible sugarcane molasses have been officially promulgated and tentative standards for liquid sugar have been issued for consideration and comment by all interested parties.

e. A complete revision of the official standard grades of flue-cured tobacco was prepared for the Secretary's approval; the tentative standard grades for Puerto Rican cigar filler were completely revised and reissued, and the tentative standard grades for the Pennsylvania and Ohio cigar fillers were revised.

II. INSPECTION, GRADING AND CLASSING AND STANDARDIZATION (Continued)

E. Standardization and Related Activities (Continued)

2. Examples of specific standardization activities: (Continued)

f. Increasing competition from substitute materials and continuing search for new uses for rosin have brought about a need for developing new and more useful tests other than for color which is now the only official standard. Accurate methods have been developed for determining acid and saponification numbers of rosin, excess volatile oil and dissolved water in liquid naval stores. Preliminary work is under way looking to the establishment of standard specifications for the three kinds of rosin--gum, wood and tall oil--and for dipentene and several types of pine oil.

g. The effective U.S.Standards for beans were revised effective November 1951 to permit a percentage of clean-cut weevil-bored beans in the class "Mung Beans" and also to permit an additional 5 percent of beans that blend in the classes "yellow eye" or "old fashioned yellow eye" beans.

h. As a result of studies on the relationship between electrical properties and moisture content of grain, two revised calibration tables were issued effective June 1952 for use in testing hard red winter wheats and hard red spring wheats and white wheats (western production). These changes should give a more accurate moisture reading for these types of wheat.

i. New U.S.Standards for Florida grapefruit, oranges and tangerines have been prepared separating these standards from the U.S.Standards for these citrus fruits. This was necessary because changing cultural and marketing practices caused the Grades Committee of the Florida Citrus Commission to recommend certain changes that were not adaptable to other citrus producing areas.

j. Revision of the U.S.Standards for grades of non-fat dry milk solids is an illustration of standards work in the field of dairy products. The tentative standards in effect since 1943 were revised on the basis of studies and experience in grading large quantities of that product acquired under dairy price support programs and for the commercial trade. The proposed revised standards were distributed to State agencies and to producers and handlers of dairy products for review and comment. After further revision, taking into account the advice and comments received, the revised standards were promulgated.

II. INSPECTION, GRADING AND CLASSING, AND STANDARDIZATION (Continued)

E. Standardization and Related Activities (Continued)

2. Examples of specific standardization activities (Continued)

k. Work has been continued on the further perfecting of artificial daylighting for use in the classing of cotton. This has included the development of specifications for artificial daylighting installations for this purpose. A large number of artificial lighting installations are being made in the classing facilities of the Cotton Branch as well as in facilities used by private firms.

l. Extensive studies have been made to establish the relationship of the various factors of quality in raw cotton to the performance of the cotton in textile processing and to the quality of manufactured cotton products.

III. IMPROVEMENT OF MARKETING PRACTICES

A. Bulletins and Handbooks

1. Farmers' Bulletin 2030, "Marketing Farm Poultry" was released as an aid to producers in preparing and selling their live and processed poultry to the best possible advantage.

2. Agricultural Handbook No. 25, "Recommended Specifications for Standard Packs, Containers, and Packaging Materials for Poultry and Poultry Products" was issued in July. These specifications were prepared for use not only by packers, processors, and distributors, but also by educational agencies and institutions and as a guide for container manufacturers.

3. A bulletin tentatively entitled "Packaging Ready-to-Cook Poultry" is being prepared. This publication will cover in some detail the packaging of ready-to-cook poultry in commercial and large farm plants, and will include floor plans for packaging areas and cover the operations involved in such packaging.

4. Work in process on other bulletins and similar materials includes:
(a) "Poultry: Buying Guides for Consumers"
(b) "Marketing Farm Eggs"
(c) "U.S.Specifications for Standard Shell Egg Packs and Packages"

B. Criteria for Establishing Shipping Point Fruit and Vegetable Markets

Work was completed during the year on this study undertaken in cooperation with Farm Credit Administration to determine the factors that affect the success of and to develop criteria or guides for the establishment of new shipping point fruit and vegetable markets.

III. IMPROVEMENT OF MARKETING PRACTICES (Continued)

B. Criteria for Establishing Shipping Point Fruit and Vegetable Markets (Continued)

A report, "Farmers' Produce Markets in the United States--Part III--Shipping Point Fruit and Vegetable Markets", was published. The report included suggested criteria for establishing new markets of this type.

C. Factors to be Considered in Locating, Planning, and Operating Country Elevators

Work was completed during the year and a report was published setting forth the factors that should be considered in locating, planning, and operating country elevators for the handling of grain. This report sets forth the facts which any area considering the construction of a country elevator should bear in mind in determining whether there is a need for such an elevator, in deciding upon the proper storage capacity of the elevator, in choosing the best location for it, and in determining the kind of facilities needed and the best way to arrange them on the site. The report has been well received and there is a great demand for it not only from those relatively new producing areas that have not had grain elevators in the past but also from many of the older grain producing areas where people are considering the construction of additional facilities.

D. Improved Layouts, Designs, and Methods of Operating Texas Livestock Auction Markets

In recent years auction markets have become increasingly important in the marketing of Texas livestock. The rapid growth of this type of facility in many cases has resulted in inefficient facilities, equipment and methods of operation.

Field work was begun in March 1951 on a cooperative study with the Texas Agricultural Experiment Station of livestock auction markets in Texas (1) to determine the practices, methods of operation, and design of facilities which would increase the efficiency of auction markets, and (2) to establish the economic factors which determine the success or failure of auction markets. The work to date has been pointed toward the first objective. Ten auction markets were selected for intensive study based on total volume handled, species handled, sales days, and geographical location within the State. The operations within each market were studied in detail. Time studies were made to determine the labor requirements with different methods, in different types of facilities, for performing specific operations and cycles of operations. Flow diagrams and process charts were made to point out bottlenecks, duplication of work, and unnecessary operations. Market personnel, buyers, and consignors were interviewed for suggestions concerning the correction of defects of present markets. Outstanding operations and facilities in other markets were also studied.

III. IMPROVEMENT OF MARKETING PRACTICES (Continued)

D. Improved Layouts, Designs, and Methods of Operating Texas Livestock Auction Markets (Continued)

These field studies have pointed up the major defects of present livestock auction markets in Texas, and provide criteria for designing a modern and efficient facility, and establishing the proper crew size and arrangement for the performance of various operations required in moving livestock through the market.

A joint report, now being reviewed for publication, describes and lists defects of present market facilities and methods, offers suggestions for correcting those defects, and contains plans for a modern, efficient facility which will permit a smooth and steady flow of livestock through the various marketing operations. The plans for an improved facility provide for expansion to meet the needs of increasing volumes. Upon completion of this phase of the study, work will be concentrated on the second project objective.

E. Principles for Planning Egg Assembly Facilities

In April 1951 a study of egg assembly plants was initiated on a nationwide basis to assemble data and information on handling methods, plant operations and layouts of facilities. Plant studies have been made in New Jersey, Minnesota, Wisconsin, Iowa, Pennsylvania, and Texas with the assistance of extension poultry and egg marketing specialists and/or representatives of the State Departments of Agriculture.

Information on plant layout, flow diagrams, equipment inventory and arrangement, sequence of operations, and plant productivity have been obtained on 28 egg assembly plants. In some instances, photographs of specialized equipment, innovations in handling methods, or plant designs, were taken to provide a visual means of illustrating and recommending improved handling methods. In eight of the plants studied it has been possible to make specific recommendations to the plant manager for the improvement of handling methods. In three instances requests were made for recommendations on the handling of eggs in proposed plant additions.

Two reports will be published which will cover: (1) methods and equipment in assembly plants for handling candling and packing eggs, and (2) egg marketing facilities for producing areas.

F. Planning Flue-Cured Tobacco Market Facilities

This study was made to develop principles that should be followed in planning the kinds of facilities and equipment needed to provide for the most efficient handling of tobacco.

III. IMPROVEMENT OF MARKETING PRACTICES (Continued)

F. Planning Flue-Cured Tobacco Market Facilities (Continued)

During the past year visits were made to selected markets in the flue-cured tobacco areas of Florida, Georgia, South Carolina, North Carolina, and Virginia for the purpose of studying tobacco handling operations and to obtain information and data from warehousemen, trade officials, and marketing specialists of the Experiment Stations and State Departments of Agriculture. A preliminary draft of a report incorporating the analysis of the data from all markets as well as observations and ideas from the industry and government officials has been completed. Publication of the final report is expected during the next fiscal year.

G. Bulk Palletized Containers

The feasibility of the use of large bulk palletized containers for the transportation of certain agricultural products is a subject that has been recommended for study by several of the industry advisory committees as a means of saving labor in loading, unloading, and handling commodities through warehouses to retail stores. Research to determine the general characteristics of a bulk palletized container that would be necessary or desirable in order that it might be successful in use was undertaken during the year. The factors studied included: (1) kinds of materials--wood, veneer, steel, aluminum, etc., (2) costs of containers made from various materials, (3) types and construction of containers most likely to be adaptable to the efficient use of materials-handling equipment, (4) the dimensions of various types of containers best suited to the use of materials-handling equipment, (5) dimensions and construction of containers best suited to transportation in railroad refrigerator cars and motor trucks from the standpoints of protection of the commodity from injury and utilization of space in the vehicle, (6) weight of containers in relation to the weight of product contained, and (7) adaptability of large bulk containers to use in packing plants and for efficient packing operations.

H. Transportation Characteristics of Grain Traffic

Special study has been given during the year to the basic characteristics of the transportation of grain moving by railroad. The principal points considered in this research are: (1) analyses of the volume of production and sales of principal grains, (2) the location of producing areas and markets, (3) the effects of location, volume and seasonality of production and movement on box car supply and distribution for grain transportation, and (4) traffic patterns and length of haul for various grains, and their effect upon shortages of carrier equipment for transporting grain. Another purpose of the study is to determine the fundamental transportation characteristics of the grains in relation to changing marketing patterns and to obtain knowledge of how these changes in marketing may be met and aided by improving carrier equipment, facilities, and practices in the transportation of grain. A report on this study is being prepared.

III. IMPROVEMENT OF MARKETING PRACTICES (Continued)

I. Criteria for Planning a Wholesale Frozen Food Distribution Plant

Although the expansion of the frozen food industry in recent years has brought about decreasing costs in packing and freezing operations because of fuller utilization of equipment and labor, frozen food distribution costs have continued to climb. The two principal reasons for continued increases in costs are: (1) the use by wholesale distributors of facilities that, in most cases, are entirely inadequate for handling current volumes, and (2) the use of purely manual labor for performing a number of jobs or operations which could be performed more efficiently by use of machines, provided adequate and properly designed facilities were available. Because of the industry's limited experience and the lack of research, wholesale frozen food distributors have not had available adequate "know-how" or data on the planning of efficient facility layouts and designs or the operation of the wholesale frozen food plants. This situation has discouraged the construction of needed facilities. To meet industry needs, studies of frozen food wholesaling operations were begun in 1949. Work plans for such studies called first for a study and general publication, to be followed by more specific studies and reports pinpointing and answering more fully some of the problems treated in the general report.

The objective of the first report was to provide wholesale frozen food distributors and research workers with a composite picture of the advantages and disadvantages of different methods of operations and provide guide lines for future research. The majority of the data for developing criteria with respect to planning a wholesale frozen food distribution plant were gathered prior to April 1951. The analysis of these data and preparation of a report, and the development of necessary supplemental data were completed in March 1952 and the report published in June 1952. This project was conducted in cooperation with the National Wholesale Frozen Food Distributors' Association and covered all sections of the United States. This report, entitled "Planning a Wholesale Frozen Food Distribution Plant", contains information which should be of assistance to distributors in planning new facilities, or remodeling or expanding old structures; and in organizing order assembly operations for greater efficiency. Factors that should be considered by wholesalers in choosing between public and private warehouses for the location of operations, designing efficient order assembly layouts, selecting and using suitable materials-handling equipment, and selecting desirable wholesale plant locations are discussed in the report. Recommended layouts for the various components of wholesale distribution plants, types of equipment that might be used, and arrangement of merchandise in storage are included. At the close of the 1952 fiscal year plans were being developed for additional studies that should provide more specific answers to problems or methods not covered in the report.

III. IMPROVEMENT OF MARKETING PRACTICES (Continued)

J. Regional Marketing Research

Assistance was given to State Agricultural Experiment Stations in connection with regional marketing research projects dealing with fruits and vegetables, dairy products, poultry products, livestock, meat and cotton. This included grading services, where required, and consultation and coordination in those phases of the projects where experience and knowledge of marketing gained in regular work under this appropriation was needed by the experiment stations. Examples of cooperation included:

1. Work with North Central Committee on Dairy Marketing Research in preparation of a report of findings obtained from a survey of a number of creameries in the North Central Region concerning their butter pricing and marketing practices.

2. Advisory assistance to several States in studies of market areas, prices and merchandising policies, and consumer demand for poultry and eggs.

3. Technical assistance to the North Central Marketing Technical Committee in the regional study of marketing slaughter livestock by carcass weight and grade

4. Cooperation with New York Agricultural Experiment Station in work with six super markets in Syracuse area to determine consumer acceptance of experimental lots of potatoes graded according to specific gravity, and designated as "bakers", "boilers", and "unsorted". In each store grade ratings were made on all lots of potatoes by inspectors supplied by the Department.

5. Inspection services were supplied in evaluating the quality of test lots of fruits and vegetables used in experiments by, principally, the Maryland Agricultural Experiment Station with design and development of instruments to measure quality of fruits and vegetables.

6. Technical assistance to research workers of the Agricultural Experiment Stations in various cotton producing States in planning studies of the costs of handling cottonseed at gins, methods and practices of marketing cottonseed of improved varieties for planting and reviewing and guiding work on other phases of this project through participation in meetings of the Project Committee.

III. IMPROVEMENT OF MARKETING PRACTICES (Continued)

K. Research on Cotton and Cottonseed

1. Determination of fiber and spinning qualities of pure variety cottons produced annually in cotton improvement areas

Information is provided each year with respect to the fiber characteristics and spinning performance of the principal varieties of cotton produced each year throughout the Cotton Belt. Extensive use is made of this information by cotton merchants and mills for locating sources of cotton having the characteristics desired for specific uses. Producers of desirable types of cotton are also aided in developing market outlets for their product. Complete fiber and spinning tests were made on samples of early season, mid-season, and late-season cotton from 112 areas throughout the Cotton Belt during the 1951-52 cotton season. Reports on the test results were published at approximately monthly intervals throughout the harvesting season. A summary for the entire cotton season was published near the close of the season.

2. Textile mill practices and preferences in the procurement of raw cotton of types and qualities required for the manufacture of specific products

Data on procurement practices employed during the 1950-51 cotton season were assembled from mills representative of the domestic cotton industry. The results of the study were published under the title "Practices of Textile Manufacturers in the Purchase of Cotton".

This study reflects the methods currently being used by cotton textile mills in procuring cotton of the qualities desired for various uses and provides a measure of the changes in mill procurement practices that have occurred since a similar study was made applicable to the 1944-45 cotton season. This project was terminated in 1952 but will probably be reactivated after a lapse of a few years in order to bring the data up-to-date and indicate trends in procurement practices of domestic cotton mills.

3. Evaluation of costs and quality of ginning services being performed by gins in specific areas

These studies are made to provide: (1) cotton producers a basis for the selection of ginning services that will aid them in obtaining maximum quality and market value for their products; and (2) ginners in the respective areas a basis for so equipping their gins as to assure maximum quality services consistent with costs and other economic considerations. Detailed studies were made of representative gins employing various types and combinations of gin equipment and operating under various conditions with respect to volume of ginning and types of harvesting

III. IMPROVEMENT OF MARKETING PRACTICES (Continued)

K. Research on Cotton and Cottonseed (Continued)

3. Evaluation of costs and quality of ginning services being performed by gins in specific areas (Continued)

employed. The quality of ginning services was evaluated in each instance on the basis of laboratory analyses and tests of seed cotton delivered by producers, and of ginned lint and seed turned out by the gin. These studies were in progress during 1952 in the Piedmont area of Georgia, the Pecos and Rio Grande areas of New Mexico and West Texas, and Central Arizona. The studies in Georgia and in Arizona were conducted in cooperation with the Agricultural Experiment Stations of the respective States. Similar studies in South Louisiana and in the Yazoo-Mississippi Delta Area of Mississippi were completed and published in 1952.

4. Cottonseed prices and price-quality relationships

Data relating to farm and oil mill prices of cottonseed, qualities of cottonseed marketed and values of cottonseed products have been assembled both from primary and secondary sources covering a period of 12 years, to ascertain the factors determining cottonseed prices at various stages of marketing and the extent to which prices paid to producers reflect differences in quality of cottonseed marketed. These data have been analyzed and the results have been published in "Cottonseed Prices - A Preliminary Study". With this material as a background, detailed data covering typical marketing areas will be assembled during the next fiscal year as a basis for ascertaining the extent to which differences in qualities of cottonseed from individual gins are reflected in prices paid to producers.

5. Gin stand research--improving moting--quality and economic phases

Work on this project during the year was directed at evaluating (1) the operating performance and effect on the fiber of a new type gin rib designed for use with the reciprocleaner to impart a combing action to the ends of the fibers as they are held in the gin saw teeth, and (2) the comparative moting and cleaning performance of 2-bar and 3-bar reciprocleaner units in relation to saw cylinder and jet-type lint cleaners. The study was conducted jointly with the Bureau of Plant Industry, Soils and Agricultural Engineering, with that agency having primary responsibility for the mechanical engineering phases. The tests conducted showed some advantage of the 3-bar reciprocleaner over the 2-bar unit from the standpoint of grade improvement and mimimizing loss of weight. Although the reciprocleaner was not as effective as lint cleaners from the standpoint of grade improvement, the initial cost per unit is only about 1/7th of that of lint cleaners.

III. IMPROVEMENT OF MARKETING PRACTICES (Continued)

K. Research on Cotton and Cottonseed (Continued)

5. Gin stand research--improved moting--quality and economic phases (Continued)

The reciprocleaner is greatly superior in moting and cleaning performance to standard moting systems now in use. The newly designated ribs did not show satisfactory performance but will be modified and further tested. Preliminary results of this study were published in May 1952 under the title "Gin Stand Operation" in the magazine "Cotton Gin and Oil Mill Press". Units of the reciprocleaner are being installed in a commercial gin in the Mississippi Delta where studies of the performance of the equipment will be made during the 1952-53 cotton season. Further laboratory work will be done on perfecting and testing the redesigned gin ribs.

IV. FREIGHT RATES FOR FARM PRODUCTS

A. Actions taken during fiscal year 1952

1. The Department participated in 48 formal litigation actions before the Interstate Commerce Commission, carried on 25 informal negotiations with carriers and carrier associations and participated in 5 other cases.

2. The various agricultural commodities affected by the above actions are as follows:

Type of Action	Number of Actions
Cotton and Cottonseed	8
Dairy and poultry products	10
Fruits and vegetables	11
Grain and grain products	18
Livestock and meats	8
Wool and mohair	4
General motor carrier rates	6
General rail rates	6
General water rates	2
Fertilizers and fertilizer material	5
Total	78

3. The number of cases and actions in which the Department participated declined somewhat in 1952 due primarily to the fact that rail freight rates were in a state of flux most of the year because of pending requests by the railroads for further general increases. The uncertainty among agricultural interests as to where the freight rate level would leave them economically and when the absolute maximum would be reached, deterred both them and the Department from initiating actions which would best await a settling-down period.

IV. FREIGHT RATES FOR FARM PRODUCTS (Continued)

B. Benefits to producers

1. The rail freight rate increase granted in August 1951 was raised to a total of 15 percent in April 1952. Four Department representatives who introduced evidence and exhibits to indicate the present economic status of the farmer and the railroads, were in some measure, responsible for specific maxima in cents per hundred pounds being applied to certain specific agricultural commodities. These maxima were less than the full measure of the increases authorized.

2. In 1948, the Commission found to be reasonable certain charges proposed by railroads serving New York and Philadelphia for unloading fresh fruits and vegetables on piers maintained for the delivery of the commodities. Believing such charges unlawful, the Department has continued its attempts to have them eliminated. On May 7, 1952, an order was issued reducing these charges approximately 40 percent. Cooperation with producers and consumers continues in an effort to have the charges eliminated entirely.

3. Certain orders of the ICC permitting great freedom in the routing of grain shipments by rail were under investigation by the Commission as to whether they should be modified or cancelled. On the promise that agricultural products, especially grain and grain products must have the benefit of a liberal and flexible system of routing, the Department assisted the railroads in this proceeding which involved some 225 applications for relief from Section 4 of the Interstate Commerce Act. A favorable determination by the Commission continued the relief sought.

4. The Department supported a large barge line operating on the Inland Waterways in its application for the extension of its certificate to handle general and packaged freight to and from all major ports on the Mississippi, Missouri, Illinois, Ohio, Cumberland, Tennessee, Monongahela, Allegheny, Kanawha rivers and the intra-coastal canals. This, if decided favorably, should provide more low-cost transportation to the farming communities in position to use it.

5. The several regional associations of motor common carriers have proposed to follow the rail lead in increasing rates and charges. The Department has consistently maintained that rates of transportation agencies should be based on the economic position of the agency and not solely on the positions of competing agencies and that operating costs and revenues should be the major deciding factors. Therefore, attempts to raise motor rates are being opposed, subject to showings of higher costs of operation. Because of the small staff, participation by the Department will have to be limited to the most important cases.

IV. FREIGHT RATES FOR FARM PRODUCTS (Continued)

B. Benefits to producers (Continued)

6. As a result of the testimony given by a Department witness in a general rail rate increase case, the ICC proposed certain changes in its accounting rules for the amortization of emergency carrier facilities. On argument, in which the Department was the only party to support the Commission, the new rule was approved. As a result, operating expenses charged by rail carriers are reduced by 150 to 300 million dollars per year. This increases net railway operating income and reduces the necessity of rate increases.

7. With the inauguration of the Uniform Freight Classification and the Uniform Class Rate Scale on May 30, 1952, the rail carriers began to take steps to cancel ratings based on exceptions to the all Consolidated Freight Classification. Most agricultural products were re-classified in the new classification and the new ratings in the majority of instances produce increases in freight charges. In each such instance, it will be necessary to request suspension and ask the ICC to decide whether the new charges are reasonable. This procedure will result in dozens of suspensions and hearings and will necessitate maximum use of time and personnel if we are to properly protect the producers' interests.

V. REGULATORY ACTIVITIES

A. Federal Seed Act

1. Import Actions

a. Import activities continued at a high level in 1952.

b. Approximately 98 million pounds of agricultural and vegetable seeds valued at over $20,000,000 were admitted from foreign countries. Principal importations were:

Crimson Clover	-	13,000,000 lbs.
Alfalfa	-	6,000,000 lbs.
Red Clover	-	6,000,000 lbs.
Orchard Grass	-	5,000,000 lbs.
Spinach	-	2,000,000 lbs.

V. REGULATORY ACTIVITIES (Continued)

A. Federal Seed Act (Continued)

1. Import Actions (Continued)

c. Import Activities, Fiscal Years 1946-1952

Activity	1946	1947	1948	1949	1950	1951	1952
Total import actions 1/	3,736	5,791	5,774	8,295	7,761	8,005	8,045
Lots offered for importation	3,448	5,399	5,481	7,224	7,218	7,692	7,727
Lots permitted entry as offered	3,063	4,858	5,099	6,370	6,775	7,155	7,186
Lots denied entry as offered	385	541	382	854	443	537	541
Kinds of seed imported	83	101	114	114	105	112	111
Pounds of seed offered for importation, (millions)	70.5	69.1	66.7	107.9	102.2	103.9	97.8

1/ Includes action taken on lots rejected once and acted on again after cleaning, etc.

2. Interstate Violations

a. Total actions under the interstate provisions of the Act increased 22 percent largely because of a 100 percent increase in the number of recommendations for prosecution in Federal Court. Most of these violations involve false labeling as to origin of alfalfa seed, the seizure of which occurred in 1951. A total of 855 cases were reported for further investigation. Investigations completed involved shipments or advertising which originated in 42 States.

b. Violations in interstate commerce continue to be reported for investigation in numbers greater than the staff is able to investigate. Only about one-third of the apparent violations detected by State inspectors were reported to Federal authorities for investigation.

V. REGULATORY ACTIVITIES (Continued)

A. Federal Seed Act (Continued)

2. Interstate Violations (Continued)

c. Interstate Investigations and Actions, Fiscal Years 1946-1952

Item	1946	1947	1948	1949	1950	1951	1952
Cases for investigation:							
Total to be investigated	785	1,199	1,482	1367	1,128	1,290	1,236
Investigations completed	623	768	864	1034	693	734	770
Pending at end of year	162	431	618	333	435	556	466
Administrative actions:							
No action warranted	96	160	236	322	174	195	231
Warnings issued	381	539	566	660	475	418	447
Cited for hearings	79	94	76	103	46	114	119
Seizures recommended	9	4	13	11	12	58	32
Criminal actions recommended 1/	44	61	34	39	42	39	177
	(11)	(24)	(14)	(13)	(18)	(17)	(34)
Court actions:							
Criminal actions terminated	9	16	19	14	13	12	15
Criminal actions pending at end of year	12	16	11	10	15	20	39
Seizure actions terminated	3	6	6	16	12	27	58
Seizure actions pending at end of year	5	3	9	4	4	35	9

1/ Often several alleged violations are combined into one court action. The number of court actions involved is shown in parentheses.

3. Seed Testing

a. (a) Since nearly one-half of the total seed importations are offered through the port of New York, a new seed-testing laboratory was established at New Brunswick, New Jersey in order to service the area located nearest the center of the greatest import activity. (b) The testing of seed offered for importation in the Southeast which for several years had been performed at a remote location, was resumed at Montgomery, Alabama with additions to the seed-testing staff. (c) Variety tests on alfalfa at three locations demonstrated that alfalfa seed misrepresented in 1951 to be of northern origin actually consisted of non-winter, hardy, fast-growing varieties commonly grown and adapted to the Southern States. (d) Testing of seed to determine correctness of labeling as to variety included

V. REGULATORY ACTIVITIES (Continued)

A. Federal Seed Act (Continued)

3. Seed Testing (Continued)

a. (d) plantings of 98 varieties of hybrid corn at ten locations. (e) The name and description of all the varieties of hybrid onions have been obtained as the varieties were being introduced and will be published in an effort to avoid the confusion of variety names experienced with hybrid corn. (f) Proposed new international rules of seed-testing were distributed to members of a committee of the International Seed Testing Association to serve as a vehicle for more uniformity of seed testing in foreign commerce.

b. Volume of Seed Testing Work, Fiscal Years 1946-1952

Activity	1946	1947	1948	1949	1950	1951	1952
Seed samples tested in connection with:							
Imports (incl. check tests)	3,688	5,590	5,643	7,506	7,696	7,790	7,988
Interstate shipments	5,057	8,603	4,353	2,530	1,934	3,354	2,950
Variety tests	2,127	2,121	1,868	1,027	1,111	322	456
Miscellaneous	1,130	1,021	1,109	1,217	694	3,753	1,509
Total tests	12,002	17,335	12,973	12,280	11,435	15,219	12,903

B. Insecticide, Fungicide and Rodenticide Act

1. Registration and testing

During the year sufficient information was obtained to justify registration of many new chemicals for control of such important pests as the alfalfa weevil, a number of insects attacking fruits, soil insects attacking sugar cane, corn and a number of root crops, cotton insects and rats in grain and cereal storage places. Crop damage continues to occur as a result of contamination of insecticides with 2, 4-D weed killer. Large numbers of red squill and rodenticide preparations continued to be in violation of the Act and there were numerous cases where poisons were short weight or did not have the strength claimed by the manufacturer.

Special study has been directed toward the development of more reliable test methods to determine the germicidal properties of economic poisons which employ the use of many new synthetic surface-active chemicals. The most recent methods for evaluating seed testing chemicals are being adopted.

V. REGULATORY ACTIVITIES (Continued)

B. Insecticide, Fungicide and Rodenticide Act (Continued)

1. Registration and testing (Continued)

Apprehension that chronic poisoning of humans might occur from continued use of chloradane formulations in the household resulted in issuance of regulations restricting its use (Interpretation 19). Lindane Vaporizers and insect repellent candles manufactured in increasing numbers were tested and found to be totally ineffective for the purpose intended. Court action against them was initiated.

Original and supplemental registrations of economic poisons during the year totaled 7,614 bringing the total number of registrations since the Act became effective to 44,100.

Registration Activities, Fiscal Years 1948-1952

Activity	1948 1/	1949	1950	1951	1952
Submissions received 2/.....	20,832	20,780	20,203	16,609	17,275
Carryover from previous year ...	----	3,025	429	378	269
Total submissions requiring action	20,832	23,805	20,632	16,987	17,544
Registrations:					
Original registrations	9,020	7,802	4,007	3,422	2,761
Supplemental registrations ...	1,572	3,901	3,193	3,569	4,853
Total registrations	10,592	11,703	7,200	6,991	7,614
Letters of criticism written ...	9,687	16,064	14,900	13,804	14,721
Pending at end of year	3,025	429	378	269	394

1/ Registration work was started October 2, 1947.

2/ Includes original submission, submissions of corrected labeling and supplemental submissions in instances where the originally registered products were in some manner changed after registration.

2. Enforcement

Examination of samples of economic poisons increased only 1 percent from 1951 to a total of 2,085 of which 1,034 (49.6%) were from products which had not previously appeared in interstate commerce. Of these, 470 were found to be so seriously misbranded, adulterated, or otherwise in violation of the law as to warrant citation or seizure. Seizure proceedings were initiated on 71 shipments, including 37 different economic poisons and prosecution was recommended in ten shipments against four different manufacturers.

V. REGULATORY ACTIVITIES (Continued)

B. Insecticide, Fungicide and Rodenticide Act (Continued)

2. Enforcement (Continued)

Enforcement Activities, Fiscal Years 1947-1952

Activity	1947	1948	1949	1950	1951	1952
Samples examined:						
Not previously sampled ..	977	448	676	1,204	1,212	1,034
Old products	1,378	528	876	1,017	850	1,051
Total	2,355	976	1,552	2,221	2,062	2,085
Violations (mislabeled and/or adulterated products).....	635	199	223	570	560	572
Actions taken on violations:						
Warnings	229	24	9	91	116	102
Citations	357	156	197	438	413	399
Seizures	49	18	30	67	54	71
Prosecutions	19	11	5	12	20	10

C. Naval Stores and Tobacco Export Permits

1. Naval Stores

During the past fiscal year, 186 samples were collected for purposes of checking condition, quality, purity, and proper label description. No willful or fraudulent infractions of the Act were encountered but there were 23 instances in which some phase of the Act or regulations thereunder were not fully observed by vendors. These applied chiefly to the sale of various kinds of turpentine, but there were also some cases of misgraded rosin sold. Objectionable wording of labels on cans of turpentine and petroleum-base paint thinners were also found. Formal citation was not necessary since corrective action was taken through letter notices.

2. Tobacco Export Permits

44 certificates were issued during the year for the exportation of tobacco seeds for experimental purposes.

D. Packers and Stockyards Act

1. Posting, Registration and Licensing

a. At the beginning of the fiscal year 1952, there were 333 stockyards posted under the Act. During the year jurisdictional investigations were made of approximately 40 stockyards located

V. REGULATORY ACTIVITIES (Continued)

D. Packers and Stockyards Act (Continued)

1. Posting, Registration and Licensing

a. (Continued)

in various States. 11 stockyards located in States where posting had previously been completed were posted and 17 stockyards were deposted, making a total of 327 stockyards posted at the close of the fiscal year. During the year, 63 additional packers were found to be subject to the Act and were added to the list, but 102 firms were deleted thereby decreasing the number of packers under supervision from 1,950 to 1,911. Action was taken on 1,689 tariffs, supplements, and clearing agreements and at the end of the year there were 164 formal rate orders and informaal rate agreements in effect.

b. Posting, Registration, and Licensing Activities as of June 30, Fiscal Years 1947-1952

Activity	1947	1948	1949	1950	1951	1952
Number of yards posted..	201	207	206	308	333	327
Market agencies and dealers registered ...	4,652	4,972	4,462	4,639	4,775	4,963
Packers under supervision	1,871	2,123	2,148	1,997	1,950	1,911
Poultry dealers licensed	1,619	1,603	1,608	1,576	1,563	1,426

2. Supervision and Enforcement

a. (a) Improvement of the general adequacy and quality of livestock scales supervised under the Act was accomplished by requiring the replacement of obsolete and inadequate equipment. Scales found to be inaccurate were adjusted or serviced immediately to weigh within allowable tolerance or were withdrawn from service pending corrective action. (b) The accounts of 157 registrants at various terminal and auction markets were audited during the year. As conditions warranted, district supervisors developed additional information on 35 cases where evidence of violations were found. 25 of these cases involved such serious violations that recommendations of formal order of inquiry were made. In order to obtain more effective administration of the Act, greater responsibility has been placed in field supervisors by having them handle more rate and trade practice investigations.

V. REGULATORY ACTIVITIES (Continued)

D. Packers and Stockyards Act (Continued)

2. Supervision and Enforcement (Continued)

b. Analysis of Formal Proceedings, Fiscal Years 1947-1952

Activity	1947	1948	1949	1950	1951	1952
Cases pending first of year ..	23	59	55	23	36	78
New cases	64	16	29	65	116	26
Cases reopened	38	16	16	18	3	33
Total cases requiring action	125	91	100	106	155	137
Cases disposed of	66	36	77	70	77	83
Cases pending end of year	59	55	23	36	78	54

c. Bonds on file amounted to over $39,000,000, representing an increase over the previous year of over $1,000,000. In view of increased economic pressures occurring in the livestock and meat packing industries, action was taken to require increased minimum surety bonds so that producers would have additional protection in case of insolvency or defaults by firms handling livestock.

d. During the year numerous formal proceedings resulting from the Chicago weighing investigations were conducted. Public hearings were held at Chicago in 45 of the 56 cases against dealers involved in the Chicago weighing fraud. The remaining 11 cases were settled, prior to hearings, by the registrants filing admission of having bribed weighmasters, with the dealers involved agreeing to accept suspensions ranging in some cases up to two years. Additional hearings were also conducted at Kansas City and St. Louis, Missouri, and Abilene, Texas.

E. Standard Container Acts

1. Tests Made and Samples Obtained

a. There were approximately 190 factories making or equipped to make containers at the close of business on June 30, 1952, as compared with 195 in 1951. During the past fiscal year tests were made of sample containers obtained from 100 factories.

A total of 293 items (1,925 samples) were examined during the year. Of this number 69 or 23.5 percent required correction. During the year corrections of 58 items were accomplished and certificates of approval issued in 32 cases.

V. REGULATORY ACTIVITIES (Continued)

F. United States Warehouse Act

1. Licensed Warehouses

The total storage capacity in licensed warehouses was greatly increased in 1952 although the number of warehouses licensed under the Act decreased to 1,434 on June 30, 1952 -- 74 less than a year ago. Of the 1,434 licensed warehouses 880 were for grain, 471 for cotton and the remaining 83 for various other commodities. During the year 179 original examinations of warehouses were made, that is, examinations of warehouses which were to be licensed for the first time or for the purpose of bringing in additional space under licenses which were already in effect.

A general tightening up in the issuing of licenses has been developed. Before a license is issued or even an inspection authorized a thorough check is made to determine whether other Federal offices have had unsatisfactory relations with the warehouseman in question, and from such facts it is determined if an inspection should be made. This has resulted in several instances of refusal to make an examination. Other important amendments in the cotton and grain regulations have increased inspection and license fees and change of net worth and bonding requirements for warehousemen.

2. Licensed Warehouse Capacity

a. Grain

The storage capacity for grain increased from 449,382,822 bushels in 1951 to 459,706,100 in 1952, despite a decrease of 36 in the number of licensed grain warehouses during the same period.

On the Atlantic Seaboard more warehousemen applied for licenses under the Act than during the previous year. Because grain warehousing on a public storage basis is relatively new in this area, and also because of the high moisture content of much of the grain harvested in the Atlantic Seaboard States, many unusual problems were encountered. While the quantity of grain is not large in comparison with grain areas generally, the problems nevertheless are acute.

b. Cotton

The storage capacity for cotton also increased in 1952 (from 11,011,056 bales to 11,017,436 bales) while the number of licensed warehouses decreased from 484 to 471.

V. REGULATORY ACTIVITIES (Continued)

F. United States Warehouse Act

2. Licensed Warehouse Capacity (Continued)

c. Beans

There has been a substantial decrease in the licensed capacity of dry bean warehouses, due to the necessity for suspending the licenses of a number of warehousemen who were not operating in conformity with the Act.

3. Inspection of Licensed Warehouses

a. During the year there were 3,840 inspections made of licensed warehouses which was about 200 or 5 percent below last year. Inspections of cotton warehouses averaged between 2.5 and 3.0 only because of very low stocks of cotton in warehouses during the first and fourth quarters of the year. An average of slightly over two inspections was maintained for grain warehouses but somewhat at the expense of the quality and thoroughness of the inspections. Steps have been taken to assure complete and thorough inspections for all warehouses in 1953 irrespective of the number performed.

Considerable attention was given to improving methods of inspection with a view to detecting irregularities. Additional auditing procedures were developed which it is believed will be more effective in detecting shortages. Closer attention is also being given to see that the warehouseman's stocks by grade are in line with his obligations by grade whether covered by receipts or not.

b. In the cotton area one round was made of all cotton warehouses for the purpose of testing the accuracy of scales and also checking the accuracy of the weighers. In some areas an additional check was made during the heavy receiving season on the accuracy of work performed by the weighers. In the course of each round of examinations a number of scales are always found which are out of adjustment and some are in such condition that they must be condemned.

4. Violations

The past year witnessed the most, and some of the most serious, irregularities since the passage of the Warehouse Act, particularly in the field of grain warehousing. These violations ranged all the way from improper care of the commodity while in storage to actual conversion of the commodity to the warehouseman's own use. Some examples were:

V. REGULATORY ACTIVITIES (Continued)

F. United States Warehouse Act (Continued)

4. Violations (Continued)

In Colorado a warehouseman who operated at four different points, with another house in New Mexico, became the subject of considerable investigation and it was found that he had converted substantial quantities of beans to his own use while warehouse receipts were outstanding. This warehouseman was placed in receivership and has since been indicted and prosecution is pending in the courts.

In Georgia a cotton merchant was found to have changed the weights on 50 warehouse receipts issued by a licensed warehouseman, raising the weight in each case by 5 pounds. These receipts were sold in due course. When the forgeries were discovered an investigation was made and it was found that the changes were made by the cotton merchant. The case was referred to the Department of Justice for prosecution, and shortly thereafter the alleged violator committed suicide. About the same time it had also been found that he had done some manipulating of receipts issued by another warehouseman.

In a few cases, two or three warehousemen had been using depositors' grain for their own purposes. In other cases, false receipts were issued and given to banks as security for loans. In such cases licenses were suspended and in others court action is pending.

MARKETING SERVICES

Repayment to Commodity Credit Corporation

Purpose Statement

The Department of Agriculture Appropriation Act for 1952 authorized advances from the Commodity Credit Corporation to appropriations available for classing and grading agricultural commodities without charge to producers in order to insure a prompt, efficient service. Such advances must be repaid from subsequent appropriations.

This item reflects funds for reimbursing Commodity Credit Corporation (including interest) so that the Corporation may be made whole for funds advanced which were in excess of the cost of classing cotton and grading tobacco which were placed under price support.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds	- -	~~$818,505~~ $768,505

Marketing Services

(e) Repayment to Commodity Credit Corporation

Appropriation Act, 1953, and base for 1954	- -
Revised Budget Estimate, 1954	$768,505
Increase	+$768,505

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 Revised (estimated)
Reimbursement to Commodity Credit Corporation	- -	- -	+$768,505(1)	$768,505

INCREASE

(1) An appropriation of $768,505 for reimbursement to Commodity Credit Corporation for costs incurred in fiscal year 1952 for inspecting and grading tobacco and classing cotton not placed under CCC loan.

Need for Increase: The Smith-Doxey Act of 1937 provides that farmers organized to promote the improvement of cotton shall be eligible for free classing service. Similarly the Tobacco Inspection Act of 1935, as amended, provides that tobacco producers may have their tobacco graded without charge at auction markets designated by the Secretary for free and mandatory inspection after approval by two-thirds of the growers voting in a referendum. The class of the cotton or the grade of tobacco placed on the commodity is accepted as evidence of quality when producers place their commodities under loan or offer them for sale to the Commodity Credit Corporation.

If these programs are to operate effectively and to be of maximum benefit to producers, it is necessary to maintain (1) a force of tobacco inspectors large enough to grade the tobacco on all auction floors prior to sale, and (2) a cotton classing organization which is capable of getting classification returns to producers promptly.

The demand for these services had expanded to a point where appropriations and other funds available in 1952 were not adequate to insure a prompt, efficient service. To meet this increased need, the Department of Agriculture Appropriation Act, 1952 provided:

> "That hereafter there may be transferred to appropriations available for classing or grading any agricultural commodity without charge to the producers thereof such sums from nonadministrative funds of the Commodity Credit Corporation as may be necessary in addition to other funds available for these purposes, such transfers to be reimbursed from subsequent appropriations therefor."

This estimate would provide funds to reimburse CCC (including interest) for funds transferred which were in excess of the cost of classing cotton and grading tobacco which were placed under price support. The basis for the estimated amount requested for repayment is as follows:

Cotton:		
Total number of classings by Federal employees		11,401,649
Obligations incurred for all classings by Federal employees		$ 2,404,560
Average cost per classing		21.09¢
Total bales classed under Smith-Doxey Act and placed under price support loan		914,725
Advanced from CCC (net)	$920,646	
Less obligations incurred for classing loan cotton (914,725 x 21.09)	192,916	
To be repaid to CCC	727,730	
Tobacco:		
Obligations incurred for inspecting and grading tobacco on auction markets		$1,738,460
Amount of tobacco graded at auction markets placed under loan		11%
Advanced from CCC (net)	$204,982	
Less obligations incurred for inspecting loan tobacco placed under price support loan (11% of $1,738,460)	191,230	
To be repaid to CCC	13,752	

Total amount to be repaid:

Cotton	727,730
Tobacco	13,752
Total	741,482
Interest through June 30, 1953	27,023
Total amount for reimbursement to CCC	768,505

CHANGE IN LANGUAGE

The estimates include proposed new language as follows (new language underscored):

> For reimbursement to Commodity Credit Corporation for sums transferred to the appropriation "Marketing services", fiscal year 1952 (including interest thereon through June 30, 1953), pursuant to authority contained under the head "Marketing services" in the Department of Agriculture Appropriation Act, 1952 (7 U.S.C. 414a), for grading tobacco and classing cotton without charge to producers, as authorized by law (7 U.S.C. 473a, 511d), $768,505.

This proposed language would appropriate, under a separate item, an amount to repay Commodity Credit Corporation for funds advanced and obligated in fiscal year 1952 for classing cotton and grading tobacco (without charge to producers) which was not placed under loan.

Marketing Services

(f) Repayment to Commodity Credit Corporation

Appropriation Act, 1953, and base for 1954	--
Budget Estimate, 1954	$818,505
Increase	+$818,505

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 (estimated)
Reimbursement to Commodity Credit Corporation	--	--	+$818,505(1)	$818,505

INCREASE

(1) An appropriation of $818,505 for reimbursement to Commodity Credit Corporation for costs incurred in fiscal year 1952 for inspecting and grading tobacco and classing cotton not placed under CCC loan.

Need for Increase: The Smith-Doxey Act of 1937 provides that farmers organized to promote the improvement of cotton shall be eligible for free classing service. Similarly the Tobacco Inspection Act of 1935, as amended, provides that tobacco producers may have their tobacco graded without charge at auction markets designated by the Secretary for free and mandatory inspection after approval by two-thirds of the growers voting in a referendum. The class of the cotton or the grade of tobacco placed on the commodity is accepted as evidence of quality when producers place their commodities under loan or offer them for sale to the Commodity Credit Corporation.

If these programs are to operate effectively and to be of maximum benefit to producers, it is necessary to maintain (1) a force of tobacco inspectors large enough to grade the tobacco on all auction floors prior to sale, and (2) a cotton classing organization which is capable of getting classification returns to producers promptly.

The demand for these services had expanded to a point where appropriations and other funds available in 1952 were not adequate to insure a prompt, efficient service. To meet this increased need, the Department of Agriculture Appropriation Act, 1952 provided:

> "That hereafter there may be transferred to appropriations available for classing or grading any agricultural commodity without charge to the producers thereof such sums from nonadministrative funds of the Commodity Credit Corporation as may be necessary in addition to other funds available for these purposes, such transfers to be reimbursed from subsequent appropriations therefor."

This estimate would provide funds to reimburse CCC (including interest) for funds transferred which were in excess of the cost of classing cotton and grading tobacco which were placed under price support. The basis for the estimated amount requested for repayment is as follows:

Cotton:		
Total number of classings by Federal employees		11,401,649
Obligations incurred for all classings by Federal employees		$2,404,560
Average cost per classing		21.09¢
Total bales classed under Smith-Doxey Act and placed under price support loan		914,725
Advanced from CCC (net)	$970,646	
Less obligations incurred for classing loan cotton (914,725 x 21.09)	192,916	
To be repaid to CCC	777,730	
Tobacco:		
Obligations incurred for inspecting and grading tobacco on auction markets		$1,738,460
Amount of tobacco graded at auction markets placed under loan		11%
Advanced from CCC (net)	$204,982	
Less obligations incurred for inspecting loan tobacco placed under price support loan (11% of $1,738,460)	191,230	
To be repaid to CCC	13,752	

Total amount to be repaid:

Cotton	$777,730
Tobacco	13,752
Total	791,482
Interest through June 30, 1953	27,023
Total amount for reimbursement to CCC	818,505

CHANGE IN LANGUAGE

The estimates include proposed new language as follows (new language underscored):

> For reimbursement to Commodity Credit Corporation for sums transferred to the appropriation "Marketing services", fiscal year 1952 (including interest thereon through June 30, 1953), pursuant to authority contained under the head "Marketing services" in the Department of Agriculture Appropriation Act, 1952 (7 U.S.C. 414a), for grading tobacco and classing cotton without charge to producers, as authorized by law (7 U.S.C. 473a, 511d), $818,505.

This proposed language would appropriate, under a separate item, an amount to repay Commodity Credit Corporation for funds advanced and obligated in fiscal year 1952 for classing cotton and grading tobacco (without charge to producers) which was not placed under loan.

REMOVAL OF SURPLUS AGRICULTURAL COMMODITIES

Purpose Statement

Under Section 32 of the Act approved August 24, 1935, as amended (7 U.S.C. 612c), an amount equal to 30 percent of customs receipts during each calendar year and unused balances to the extent of $300,000,000 are available for the removal from the market of agricultural surpluses and for administration of marketing agreements and orders. The Agricultural Act of 1949 requires that this fund be used principally for perishable agricultural commodities. During the fiscal year 1952, eighty-three percent of the funds used for surplus commodity operations was for perishables.

Purchases for distribution - Surplus agricultural commodities, generally perishables such as fruits and vegetables, are purchased and distributed to the school lunch program, charitable institutions serving needy persons and persons certified by welfare agencies as eligible for relief.

Encouragement of exportation - Differential payments are made to enable exporters to purchase surplus commodities on the domestic market and sell them on the world market at competitive world prices.

Diversion to by-products and new uses - Differential payments are made to enable processors to purchase surplus commodities on the domestic market, divert them to by-products and new uses, and sell them at prices comparable to competing products, thus creating new markets for surplus commodities.

Surplus removal operating expenses - These expenses are mainly in connection with purchasing, distributing, exporting, and diverting surplus commodities. In addition supervisory assistance is furnished local and state groups on the preservation of surpluses for year-round use, and in cooperation with the food trade, press and radio, greater consumption of abundant foods is encouraged.

Marketing agreements and orders - These agreements constitute voluntary arrangements and are put into effect upon request from the industry after hearings, investigations and referenda among producers. They serve to strengthen prices by establishing and maintaining orderly marketing conditions and are in effect for milk, tobacco, tree fruits, tree nuts, Irish patatoes, and other vegetables.

	Appropriated, 1953	Budget Estimate, 1954
Appropriated funds (Permanent appropriation)	$181,040,312	$172,800,000

(f) Removal of Surplus Agricultural Commodities (Section 32)

Appropriation, 1953, and base for 1954 (30% of customs receipts)	$181,040,312
Revised Budget Estimate, 1954 (30% of customs receipts)	172,800,000
Decrease (in annual permanent appropriation for Section 32 purposes)	-8,240,312

Note: Due to an estimated carryover of $300,000,000 from the fiscal year 1953, a total of $472,800,000 is estimated to be available for Section 32 purposes in the fiscal year 1954. Of this total, the estimates tentatively forecast obligations of $74,128,374 for the fiscal year 1954, which would result in $98,671,626 being returned to the Treasury and leave a carryover of $300,000,000 into the fiscal year 1955.

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
1. Direct purchases	$33,203,439	$55,000,000	- -	$55,000,000
2. Encouragement of exportation	16,763,083	14,529,000	- -	14,529,000
3. Diversion to by-products and new uses	1,457,717	1,500,000	- -	1,500,000
4. Surplus removal operating expenses	1,905,785	2,471,000	-$609,494	1,861,506
5. Marketing agreements and orders	1,208,153	1,500,000	- 262,132	1,237,868
Total obligations	54,538,177	75,000,000	- 871,626	74,128,374
Returned to Treasury	- -	27,236,056	+71,435,570	98,671,626
Balance available in subsequent year	+221,195,744	+300,000,000	- -	+300,000,000
Total available	275,733,921	402,236,056	+70,563,944	472,800,000
Prior year balance available	a/ -116,847,175	-221,195,744	-78,804,256	-300,000,000
Total appropriation or estimate	158,886,746	181,040,312	-8,240,312	172,800,000

a/ Budget reflects carryover of $116,347,175. Above figure includes $500,000 representing return of unused balance of funds transferred in 1951 to "Expenses of Defense Production, pursuant to Public Law 45".

DECREASE

The decrease of $8,240,312 results from an estimated reduction in customs receipts in the calendar year 1952. The following table reflects the total funds available, obligations, and balances in this appropriation.

	1952	Estimated, 1953	Estimated, 1954
Appropriation	$158,886,746	$181,040,312	$172,800,000
Prior year balance available...	116,847,175	221,195,744	300,000,000
Total available	275,733,921	402,236,056	472,800,000
Obligations	54,538,177	75,000,000	74,128,374
Balances:			
Carried to subsequent year...	221,195,744	300,000,000	300,000,000
Returned to Treasury	- -	27,236,056	98,671,626

These funds are used principally for surplus removal of perishables; consequently it is extremely difficult to estimate fund requirements far in advance. The production of commercial vegetables for fresh market, for instance, is a continuous operation with the location of the production shifting according to the seasons. With only about 45 to 90 days from planting time to harvest time for most commodities, the situation on a given commodity can change quickly from one of shortage to one of surplus. Even in seasons in which the total volume of production may be less than normal, surpluses frequently arise because of bunching of maturity dates for successive plantings.

It is equally as difficult to predict the production of orchard crops which are dependent upon several years of growth and which cannot economically be adjusted to the market demand after a season of abundance.

To prevent waste and to encourage the utilization of these highly nutritious foods through domestic and foreign outlets, the Agricultural Act of 1949 provided that Section 32 funds should be used principally for perishable commodities for which no other price support is mandatory. During the 1952 fiscal year 77.8% of the funds used, or approximately $42,400,000, were for perishables. 61% of the total, or about $33,000,000, were distributed through domestic outlets.

To assure the producers of these important perishable commodities that sufficient funds will be available to meet surplus problems, Congress has provided for the accumulation of unused balances to the extent of $300,000,000, and for the use of these balances, together with the amount provided annually, for the removal of surplus agricultural commodities.

The reduction of $871,626 in estimated obligations for 1954 for "Surplus removal operating expenses" and for administering "marketing agreements and orders" consists of a total decrease of $1,006,626 for expenses of the Production and Marketing Administration and an increase of $135,000 in anticipated allotment to the Foreign Agricultural Service. In order to help avoid undue accumulation of surplus agricultural commodities, it is necessary to take more aggressive steps to promote exportation of commodities in actual or potential surplus. In recent years, several marketing specialists have been employed by the Office of Foreign Agricultural Relations to develop foreign market outlets for specific commodities in abundant supply. This activity, heretofore financed from the appropriation for the Agricultural Marketing Act, should be expanded, and it is planned to utilize Section 32 funds for the employment of present and additional marketing specialists for this purpose. Accordingly, the anticipated allotment to the Foreign Agricultural Service in the fiscal year 1954 will approximate $200,000 rather than the $65,000 indicated in the original budget.

(g) Removal of Surplus Agricultural Commodities (Section 32)

Appropriation, 1953, and base for 1954 (30% of customs receipts)	$181,040,312
Budget Estimate, 1954 (30% of customs receipts)	172,800,000
Decrease (in annual permanent appropriation for Section 32 purposes)	-8,240,312

Note: Due to an estimated carryover of $300,000,000 from the fiscal year 1953, a total of $472,800,000 is estimated to be available for Section 32 purposes in the fiscal year 1954. Of this total, the estimates tentatively forecast obligations of $75,000,000 for the fiscal year 1954, which would result in $97,800,000 being returned to the Treasury and leave a carryover of $300,000,000 into the fiscal year 1955.

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 (estimated)
1. Direct purchases	$33,203,439	$55,000,000	- -	$55,000,000
2. Encouragement of exportation	16,763,083	14,529,000	- -	14,529,000
3. Diversion to by-products and new uses ..	1,457,717	1,500,000	- -	1,500,000
4. Surplus removal operating expenses..	1,905,785	2,471,000	- -	2,471,000
5. Marketing agreements and orders	1,208,153	1,500,000	- -	1,500,000
Total obligations	54,538,177	75,000,000	- -	75,000,000
Returned to Treasury ...	- -	27,236,056	+$70,563,944	97,800,000
Balance available in subsequent year	+221,195,744	+300,000,000	- -	+300,000,000
Total available	275,733,921	402,236,056	+70,563,944	472,800,000
Prior year balance available	a/ -116,847,175	--221,195,744	-78,804,256	-300,000,000
Total appropriation or estimate	158,886,746	181,040,312	-8,240,312	172,800,000

a/ Budget reflects carryover of $116,347,175. Above figure includes $500,000 representing return of unused balance of funds transferred in 1951 to "Expenses of Defense Production, pursuant to Public Law 45".

DECREASE

The decrease of $8,240,312 results from an estimated reduction in customs receipts in the calendar year 1952. The following table reflects the total funds available, obligations, and balances in this appropriation.

	1952	Estimated, 1953	Estimated, 1954
Appropriation	$158,886,746	$181,040,312	$172,800,000
Prior year balance available...	116,847,175	221,195,744	300,000,000
Total available	275,733,921	402,236,056	472,800,000
Obligations	54,538,177	75,000,000	75,000,000
Balances:			
Carried to subsequent year...	221,195,744	300,000,000	300,000,000
Returned to Treasury	- -	27,236,056	97,800,000

These funds are used principally for surplus removal of perishables; consequently it is extremely difficult to estimate fund requirements far in advance. The production of commercial vegetables for fresh market, for instance, is a continuous operation with the location of the production shifting according to the seasons. With only about 45 to 90 days from planting time to harvest time for most commodities, the situation on a given commodity can change quickly from one of shortage to one of surplus. Even in seasons in which the total volume of production may be less than normal, surpluses frequently arise because of bunching of maturity dates for successive plantings.

It is equally as difficult to predict the production of orchard crops which are dependent upon several years of growth and which cannot economically be adjusted to the market demand after a season of abundance.

To prevent waste and to encourage the utilization of these highly nutritious foods through domestic and foreign outlets, the Agricultural Act of 1949 provided that Section 32 funds should be used principally for perishable commodities for which no other price support is mandatory. During the 1952 fiscal year 77.8% of the funds used, or approximately $42,400,000, were for perishables. 61% of the total, or about $33,000,000, were distributed through domestic outlets.

To assure the producers of these important perishable commodities that sufficient funds will be available to meet surplus problems, Congress has provided for the accumulation of unused balances to the extent of $300,000,000, and for the use of these balances, together with the amount provided annually, for the removal of surplus agricultural commodities.

STATUS OF PROGRAM

Current Activities: This appropriation is available for expanding market outlets for farm commodities by removing from the market surplus agricultural commodities through:

(a) Purchases for distribution through State distributing agencies to school lunch programs, and to welfare agencies and institutions eligible to receive such purchases.

(b) Encouragement of exports through payments which will permit the sale of surplus commodities in foreign markets.

(c) Encouragement of domestic consumption by diversion from normal channels of trade to by-products and new uses.

These funds are also used for the administration of marketing agreements and orders which aim to establish and maintain orderly marketing conditions for certain commodities and their products.

These programs directly or indirectly tend to maintain prices received by farmers for many commodities.

The Agricultural Act of 1949 provides that Section 32 funds shall be devoted principally to perishable nonbasic agricultural commodities (other than those designated in Title II of the Agricultural Act of 1949) and their products. Commodities designated in Title II are: wool, including mohair, tung nuts, honey, Irish potatoes, milk, butterfat, and the products of milk and butterfat.

Recent progress and trends:

A. Purchases of agricultural commodities for distribution to authorized agencies:

1. During the fiscal year 1952 approximately 180 million pounds of agricultural commodities at a cost of $33,000,000 were purchased for distribution through authorized agencies. Distribution was made by 108 agencies to the following participants:

(1) 10,125,613 school children
(2) 1,080,798 persons in eligible institutions
(3) 31,153 individual welfare recipients, including Indians on reservations.

2. Quantity and Cost of Commodities Purchased for Distribution during Fiscal Years 1951 and 1952

Commodity	Unit	1951 Quantity	1951 Value	1952 Quantity	1952 Value
Fruits:					
Apples, fresh	bu.	2,912,488	6,545,383	1,527,748	3,253,632
Cherries, cd.	case	465,386	1,880,882	----	----
Cranberry sauce	case	361,734	1,187,766	----	----
Orange juice, conc.	gal.	----	----	2,337,483	4,460,973
Honey	lb.	6,554,190	1,057,345	17,754,510	3,970,479
Meat Products:					
Bacon	lb.	----	----	3,400,000	1,400,000
Picnic hams	lb.	----	----	4,600,000	1,800,000
Smoked hams	lb.	----	----	18,500,000	9,064,563
Milk, nonfat dry	lb.	----	----	20,763,885	4,165,516
Pecans	lb.	----	----	3,495,748	2,488,623
Poultry Products:					
Eggs, shell	case	----	----	226,459	2,556,107
Turkeys	lb.	5,768,523	2,545,721	----	----
Vegetables:					
Beans, dry	cwt.	2,625	40,976	130,000	11,698
Beets	(50#	17,400	20,310	----	----
Cabbage	(bag	24,000	30,478	----	----
Sweet potatoes	bu.	79,411	134,852	----	----
Total		XXX	13,443,713	XXX	33,171,591

B. Encouragement of export of agricultural commodities:

Export payments totaling approximately $16,763,000 were made during fiscal year 1952 to encourage the exportation of surplus agricultural commodities. No payments were made during fiscal year 1952 with Section 32 funds in connection with the exportation of CCC owned commodities under authority of the Mutual Security Act of 1951.

Quantity of Commodities Exported and Payments Made During Fiscal Years 1951 and 1952

Commodity	Unit	1951 Quantity	1951 Cost	1952 Quantity	1952 Cost
Cotton	bale	2,894	289	----	----
Eggs	lb.	4,999,350	2,562,320	----	----
Flaxseed	bu.	1,060,353	1,096,057	----	----
Fruits:					
Apples, dried	ton	1,602	320,500	30,165	315,198
Apples, fresh	bu.	2,327,611	2,720,221	2,855,932	3,569,915
Citrus juice, blend	case	25,189	23,501	15,669	11,568
Citrus salad	case	----	----	35	40
Grapefruit, fresh	box	206,004	206,019	165,192	152,137
Grapefruit/oranges,cd.	case	70	298	50	65
Grapefruit juice, conc.	gal.	44,700	51,405	10,161	9,641
Grapefruit, cd.	case	10,704	13,914	2,023	2,335
Grapefruit juice, S.S.	case	167,693	146,412	147,568	90,611
Lemons, fresh	box	----	----	182,367	295,973
Lemon juice, S.S.	case	----	----	491	651
Oranges, fresh	box	2,864,615	4,724,121	2,601,779	3,761,727
Orange juice, conc.	gal.	1,165,757	1,692,392	60,530	79,129
Orange juice, S.S.	case	252,311	248,888	249,427	189,444
Pears, fresh	box	359,725	449,656	494,918	581,148
Prunes, dried	ton	19,193	1,848,490	51,206	2,958,199
Raisins, dried	ton	14,566	1,397,269	68,767	4,091,847
Honey	lb.	11,072,351	501,612	14,616,694	653,455
Linseed oil	lb.	236,057	7,383	----	----
Peanuts	lb.	26,755,301	876,074	----	----
Sorghum grains	cwt.	9,574,304	5,998,307	----	----
Total		XXX	24,885,128	XXX	16,763,083

C. Quantity of Commodities Diverted and Payments made During Fiscal Years 1951 and 1952

Commodity	Unit	1951 Quantity	1951 Payments	1952 Quantity	1952 Payments
Honey	lb.	53,410	$2,003	----	----
Tree Nuts:					
Almonds	lb.	----	----	4,274,667	1,284,537
Total		XXXX	2,003	XXXX	1,284,537

D. Food Preservation and Marketing of Abundant Foods:

The work performed under this program supplemented the Direct Distribution Program by (1) furnishing assistance and advice in the preservation of foods and in the operation of preservation centers and (2) encouraging the consumption of plentiful foods through normal channels of trade.

1. Food Preservation Program

(a) Surplus Foods Preserved During Fiscal Years 1951 and 1952 by Local Preservation Centers for Redistribution in Processed Form to Schools and Other Outlets

Commodity	Unit	Fiscal Year 1951	Fiscal Year 1952
Apples	pounds	15,092,771	3,754,099
Beets	pounds	348,515	----
Sweet potatoes	pounds	272,500	----
Total		15,713,786	3,754,099

(b) Assistance and Advice Furnished to Non-profit Food Preservation Centers during Fiscal Years 1951 and 1952

Project	Fiscal Year 1951 Number	Fiscal Year 1952 Number
Workshops conducted in food preservation training	62	65
Technical assistance furnished in improving techniques	262	143
Plant surveys performed	142	120
Floor plans and equipment drawings developed and used	43	83
Demonstrations conducted on effective utilization of pork products	---	13

2. Marketing of Abundant Foods Program

During 1952 increased attention was devoted to the development of long-range merchandising programs for non-perishable items that are in plentiful supply throughout the year. Special food drives were undertaken for dairy products, fresh beets, lettuce, pork, eggs and domestic dates.

Programs Conducted during Fiscal Years 1951 and 1952

Project	Fiscal Year 1951 Number	Fiscal Year 1952 Number
Average number of foods listed on monthly abundant foods list	13	17
Recipients of monthly abundant foods list	29,071	22,117
National food drives conducted	7	9
Area, State and local food drives conducted	15	25

E. Marketing Agreements and Orders:

Marketing Agreements and Orders were in effect during Fiscal years 1951 and 1952 for (1) milk; (2) tree nuts, tree fruits, potatoes and other vegetables and (3) tobacco as follows:

1. Activities under the Milk, Fruit and Vegetable and Tobacco Agreement and Order Programs During Fiscal Years 1951 & 1952

Activity	Milk		Fruit and Vegetable		Tobacco
	F.Y. 1951	F.Y. 1952	F.Y. 1951	F.Y. 1952	F.Y. 1952
Agreement and order programs in effect	41	45	30	26	1
Hearings held to consider amendments to existing orders or the issuance of orders in new areas	49	51	4	3	1
Requests received for new programs	13	21	5	2	1
Amendments issued to existing orders	37	59	4	1	-
Suspensions issued to existing orders	3	6	-	2	-
Petitions received for review of various order provisions	8	10	4	1	-
Petitions disposed of during the year	12	12	4	4	-
Court cases started during the year	12	13	-	33	-
Court cases disposed of during the year	15	10	-	31	-
Hearings held under Administrative Procedures Act	4	1	-	4	-
Applications reviewed from cooperatives for qualifications to participate under the Act	60	49	-	-	-
Cases disposed of under the Act	46	49	-	-	-
Regulatory orders issued under provisions of marketing order	-	-	284	249	-
Appointment of administrative or control committees	-	-	44	41	1
Promulgation of committee rule making	-	-	49	27	1
Budgets analyzed and approved	41	45	63	55	1
Investigation of alleged violations	-	-	168	193	-
Cases referred to Dep't. of Justice for prosecution	7	9	39	56	-
Recodification of amendments and orders	-	-	-	10	-
Administrator's decisions issued	-	-	-	3	-
Secretary's decisions issued	-	-	-	6	-
Secretary's referendum orders issued	-	-	-	4	-

2. Milk Marketing Agreement and Order Programs in Effect for Fluid milk during Fiscal Year 1952

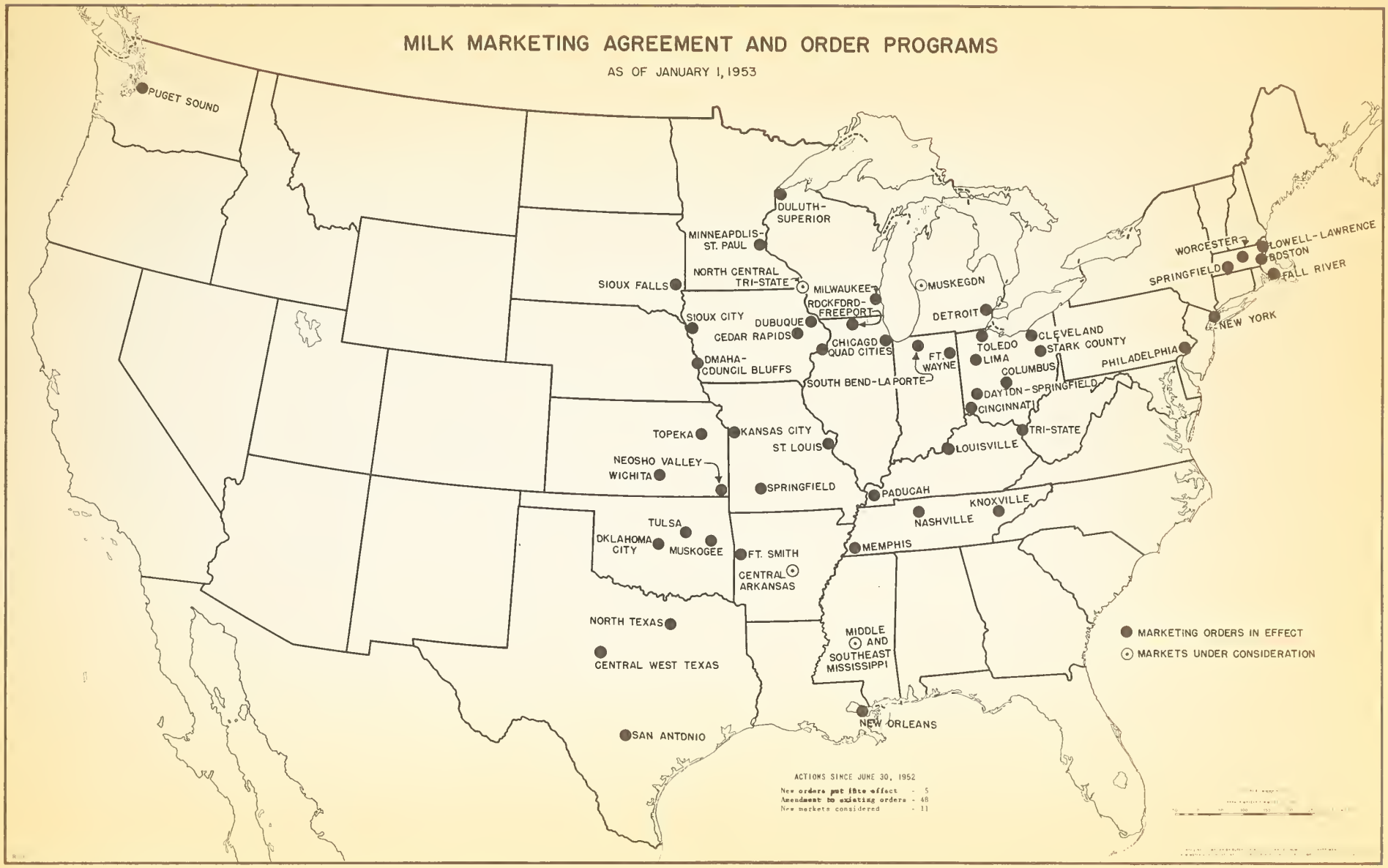
State	Markets City	Est.No. Producers	Est. Amt. of pooled milk (1,000 lbs)
Illinois	Chicago; Quad Cities (Grade A): Rockford-Freeport	24,059	3,857,724
Indiana	Ft. Wayne, South Bend-LaPorte	1,986	189,881
Iowa	Clinton, Dubuque, Sioux City Cedar Rapids-Iowa City	1,502	161,995
Kansas	Topeka, Wichita, Neosho Valley	1,966	180,733
Kentucky	Louisville, Paducah	2,367	268,078
Louisiana	New Orleans	2,705	228,569
Massachusetts	Boston; Fall River; Lowell-Lawrence Springfield; Worcester	16,226	1,874,367
Michigan	Detroit	12,177	1,127,002
Minnesota	Duluth-Superior, Minneapolis-St. Paul	7,093	779,446
Missouri	Kansas City, Springfield, St.Louis	7,612	868,855
Nebraska	Omaha-Council Bluffs	1,517	128,223
New York	New York	49,321	6,988,908
Ohio	Cincinnati, Cleveland, Columbus Dayton, Springfield, Lima, Toledo	19,055	1,752,814
Tri-State	Huntington District Plants	782	58,871
Tri-State	Other Plants	886	73,127
Oklahoma	Oklahoma City, Tulsa, Muskogee	2,359	275,874
Pennsylvania	Philadelphia	8,500	1,115,299
Tennessee	Knoxville, Nashville, Memphis	2,730	370,282
Texas	North Texas	2,540	392,851
Washington	Pudget Sound	3,349	585,294
Wisconsin	Milwaukee	3,044	419,088
	Total, 45 Markets	171,776	21,697,281

3. Fruit and Vegetable Marketing Agreement and Order Programs in Effect During Fiscal Year 1952

Commodity	Est.No. of Commerical Producers	Estimated Farm Values
Citrus Fruits:		
California-Arizona desert grapefruit	2,000	4,161,000
California-Arizona lemons	6,100	37,760,000
Florida oranges	----	88,200,000
Florida grapefruit	15,000	33,250,000
Florida tangerines	----	7,250,000
Deciduous fruits:		
California Tokay grapes	1,900	11,200,000
Colorado peaches	2,600	1,217,000
Georgia peaches	2,400	8,682,000
Utah peaches	1,300	1,520,000
California Bartlett pears	1,200	30,682,000
California plums	900	13,536,000
California Elberta peaches	500	8,960,000
California Beurre Hardy pears	300	1,110,000
Oregon-Washington-California fall & winter pears	3,000	17,566,000
Oregon-Washington fresh prunes	600	5,071,000
Dried fruits:		
California dried prunes	7,500	36,505,000
California raisins	12,000	39,042,000
Vegetables:		
Colorado peas	100	274,000
Colorado cauliflower	125	638,000
Potatoes:		
Idaho-Oregon	10,855	57,133,000
Colorado	3,201	20,655,000
Oregon-California	2,336	21,079,000
Virginia-North Carolina	3,766	17,239,000
Eastern South Dakota	278	2,216,000
Washington	1,493	15,892,000
New England except Maine	1,323	13,753,000
Nuts:		
California almonds	8,500	17,507,000
Oregon-Washington filberts	3,800	2,513,000
Southeastern pecans	20,500	17,572,000
California-Oregon-Washington walnuts	16,000	32,158,000
Hops:		
California-Oregon-Washington-Idaho hops	850	31,733,000
Total, 26 Orders	XXX	596,074,000

MILK MARKETING AGREEMENT AND ORDER PROGRAMS

AS OF JANUARY 1, 1953

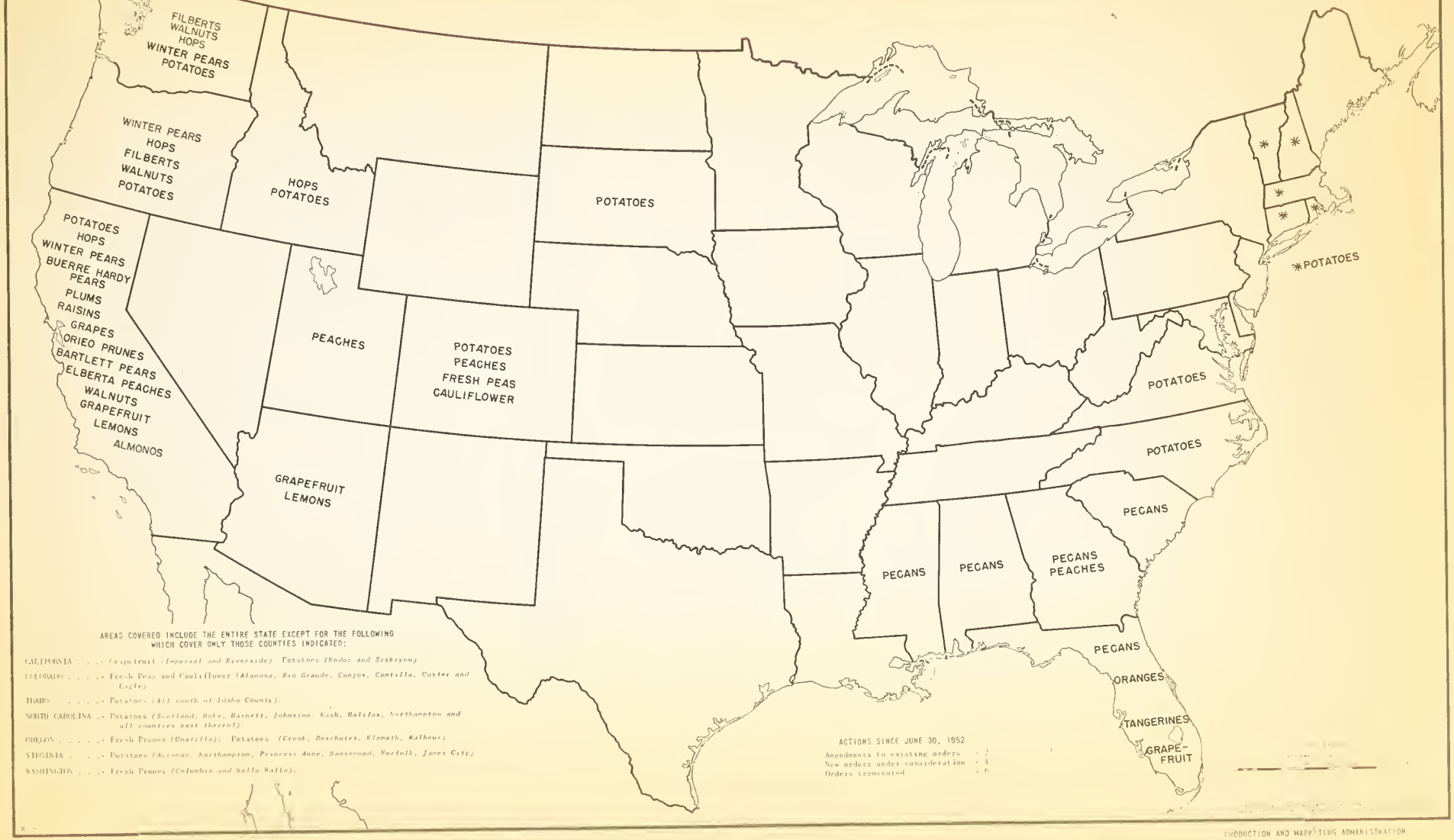


U.S. DEPARTMENT OF AGRICULTURE

PRODUCTION AND MARKETING ADMINISTRATION

FRUIT, VEGETABLE, AND TREE NUT MARKETING AGREEMENTS AND ORDERS

AS OF JANUARY 1, 1953



AREAS COVERED INCLUDE THE ENTIRE STATE EXCEPT FOR THE FOLLOWING WHICH COVER ONLY THOSE COUNTIES INDICATED:

CALIFORNIA . . . .- Grapefruit (Imperial and Riverside) Potatoes (Modoc and Siskiyou)

COLORADO . . . .- Fresh Peas and Cauliflower (Alamosa, Rio Grande, Conejos, Costilla, Custer and Eagle)

IDAHO . . . .- Potatoes (All south of Idaho County).

NORTH CAROLINA .- Potatoes (Scotland, Hoke, Harnett, Johnston, Nash, Halifax, Northampton and all counties east thereof).

OREGON . . . . .- Fresh Prunes (Umatilla); Potatoes (Crook, Deschutes, Klamath, Malheur)

VIRGINIA . . .- Potatoes (Accomac, Northampton, Princess Anne, Nansemond, Norfolk, James City)

WASHINGTON . . .- Fresh Prunes (Columbia and Walla Walla).

ACTIONS SINCE JUNE 30, 1952

Amendments to existing orders	- 2
New orders under consideration	- 4
Orders terminated	- 6

U.S. DEPARTMENT OF AGRICULTURE

PRODUCTION AND MARKETING ADMINISTRATION

(Revised)

(g) Perishable Agricultural Commodities Act Fund

Appropriation Act, 1953, and base for 1954	$390,000
Revised Budget Estimate, 1954	400,000
Increase (due to estimated increase in revenue due to increased number of licenses in effect)	+10,000

Note: Due to an estimated carry-over of $215,402 from fiscal year 1953, a total of $615,402 is estimated to be available for administration of these Acts in fiscal year 1954. Of the total, the estimates tentatively forecast obligations of $428,500, for fiscal year 1954 leaving a carry-over of $186,902 into fiscal year 1955.

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
1. Licensing dealers and handling complaints under the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts	$398,307	$418,200	+$10,300(1)	$428,500
2. Prior year balance available ...	-237,665	-243,602	+28,200	-215,402
3. Balance available in subsequent year	+243,602	+215,402	-28,500	+186,902
Total appropriation or estimate ...	404,244	390,000	+10,000	400,000

INCREASE

(1) Increase of $10,300 under the project "Licensing dealers and handling complaints under the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts" is to provide prompter service in the administration of the Acts.

Need for Increase: There has been a steady increase in the workload for this activity due to the growth of the fresh and forzen fruit and vegetable industry. The Perishable Agricultural Commodities Act was enacted at the specific request of the fruit and vegetable industry in order to suppress unfair and fraudulent practices and promote more orderly marketing of perishable agricultural commodities. Funds are provided by produce dealers and others through license fees to administer the provisions of the Act.

Licenses in effect have increased from 24,808 on July 1, 1952 to more than 25,000 at the present time.

Each year between 2,500 and 3,000 new complaints of violations are received for investigation and settlement. There are now approximately 900 complaint cases pending in Washington and the 5 field offices.

The proposed increase is essential in order to provide necessary service so that criticism, because of delay in handling complaint cases, may be avoided.

(h) Perishable Agricultural Commodities Act Fund

Appropriation, 1953, and base for 1954	$390,000
Budget Estimate, 1954	$390,000

Note: Due to an estimated carryover of $208,602 from fiscal year 1953, a total of $598,602 is estimated to be available for administration of these Acts in fiscal year 1954. Of the total, the estimates tentatively forecast obligations of $425,000 for fiscal year 1954 leaving a carryover of $173,602 into fiscal year 1955.

PROJECT STATEMENT

Project	1952	1953 (estimated)	1954 (estimated)
Licensing dealers and handling complaints under the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts	$398,307	$425,000	$425,000
Prior year balance available	-237,665	-243,602	-208,602
Balance available in subsequent year	+243,602	+208,602	+173,602
Total appropriation or estimate	404,244	390,000	390,000

STATUS OF PROGRAM

Current Activities

This special fund, to which license fees are deposited to cover the expenses of this program, provides for the protection of producers, distributors, consumers, and others, from unfair and fraudulent practices in the marketing of perishable agricultural commodities; prevents destruction or dumping of farm products and promotes foreign trade in apples and pears. Handlers are required to give shippers a true and correct accounting for commodities sent for sale in the market. Buyers and sellers must live up to the terms of the contract; false or misleading statements, and misbranding, etc., are prohibited.

All commission merchants, dealers and brokers handling fresh and frozen fruits and vegetables in interstate and foreign commerce must be licensed.

Anyone financially interested in a transaction covered by the law may request the assistance of the Department. The Department will promptly communicate with the other party, make necessary investigation, endeavor to bring about an amicable informal settlement, take formal action, if necessary, give each party opportunity to present his side fully, determine the loss or amount of damage to be paid, and if the violation is found to warrant such action, publish the facts and suspend or revoke the offender's license. Much of the evidence is supplied by the inspection certificate, as the majority of the cases involve questions of quality and condition.

Activities under these Acts include licensing, collection of fees, and investigation and handling complaints and violations.

Financing

Pursuant to the amendment of the Perishable Agricultural Commodities Act effective June 15, 1950, annual license fees of $15, together with arrearage fees, are deposited into a special fund from which all expenses, except legal services, for administration of the Perishable Agricultural Commodities, Produce Agency, and violations of the Export Apple and Pear Act are paid.

Prior to this amendment the annual license fees of $10 and arrearage fees were deposited to Miscellaneous Receipts and the administration of the Acts was financed under the Marketing Services appropriation.

Revenue collected and obligations incurred during the past five years are as follows:

	Revenue Collected and Obligations Incurred				
	Fiscal Years				
	1948	1949	1950	1951	1952
Fees and arrearages collected	$266,475	$277,194	$278,639	$420,440	$404,244
Obligations	275,225 a/	298,437 a/	297,910 a/	332,775	398,307

a/ Paid from Marketimg Services

Examples of recent progress and trends

Licensing:

The number of licenses in effect at the end of fiscal year 1952 remained at approximately the same level as the preceding year. The licensing activity and number of licenses in effect at the end of each of the past five years are as follows:

Activity	Fiscal Years				
	1948	1949	1950	1951	1952
Number of licenses renewed	17,843	18,774	18,820	18,736	19,044
Number of new licenses issued ..	6,920	6,886	6,450	5,811	5,764
Number of licenses terminated ..	5,752	5,989	6,840	b/7,285	5,503
Total actions	30,515	31,649	32,110	31,832	30,311
In effect June 30	24,763	25,660	25,270	24,547	24,808

b/ Includes an adjustment of 751 terminations which in error had not been reported in prior years.

Complaints and Reparations

(1) An all time high of nearly 2,800 complaints were filed in 1952--an increase of nearly 100 cases over the number received in 1951.

(2) Efforts have been continued to reduce the backlog of cases. At close of business May 30, 1952 a low of 800 was reached which is the smallest number of cases pending since 1947. However, the removal of ceiling prices on potatoes, effective June 6, 1952, resulted in a deluge of new cases and a large number of inquiries from members of the industry regarding status of their pre-season contracts. As a result, the backlog of complaint cases on June 30, 1952 was 919--only three less than a year ago.

(3) Amicable settlements were effected in almost 50 percent of the cases closed with over $1,250,000 being paid to the complaining parties. This was also an all time record high. The industry as a whole seems to consider favorably this method of disposing of their disputes, and in many instances now request arbitration. They willingly sign contracts agreeing to accept as final, and abide by, the decisions rendered. These arbitration cases

Complaints and Reparations (Continued)

(3) (Continued)

have substantially the same force and effect as decisions rendered by the Judicial Officer of the Department.

(4) Analysis of complaint work - Fiscal Years 1948 through 1952:

	Fiscal Years				
	1948	1949	1950	1951	1952
Complaints:					
On hand beginning of year	714	923	974	964	922
Received	2,450	2,641	2,732	2,688	2,779
Total to be handled	3,164	3,564	3,706	3,652	3,701
Formal decisions	118	153	164	171	204
Informal amicable settlements	968	1,165	1,169	1,278	1,321
Otherwise closed	1,155	1,272	1,409	1,281	1,257
Pending June 30	923	974	964	922	919
Reparations:					
Awarded-Formal orders	$180,311	$159,282	$177,630	$184,110	$192,947
Payments-Amicable settlements	949,948	933,859	878,418	932,420	1,258,558
Total	$1,130,259	$1,093,141	$1,056,048	$1,116,530	$1,451,505

Produce Agency Act Cases

(1) 46 cases were filed under the provisions of this Act compared with 36 in the preceding year.

(2) With respect to two cases pending with United States attorneys at the beginning of the year, one case was concluded when the Courts found the defendants not guilty; the other case is still pending in the U.S.Courts.

(3) No other criminal prosecutions were made under the law as the majority of the cases were disposed of by amicable settlement.

Export Apple and Pear Act

Two violations were reported under this Act during the year, but no prosecutions were necessary. The case recorded last year for alteration of Federal inspection certificates is still pending in the United States District Court at Detroit, Michigan.

(h) Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938

This appropriation account for National and State operating expenses was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated to be required for carrying out, or cooperating in carrying out, various programs assigned to the National and State PMA offices.

The State Committees, appointed pursuant to the provision of section 8(b) of the Soil Conservation and Domestic Allotment Act, are in general administrative charge of all programs in their respective States which are assigned to them by the Production and Marketing Administration. Within the framework of the national policy, they determine State policies and direct the adaptation of the national programs to the State.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1953, as shown below and base for 1954	$13,337,286
Transfers, 1954, as shown below	11,091,812
Decrease	-2,245,474

STATEMENT OF SOURCES, PURPOSES, AND AMOUNT OF FUNDS TRANSFERRED

Purpose for which funds are transferred into this account	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
Conservation and Use of Agricultural Land Resources:				
For administration of Agricultural Conservation Program	$ 4,898,043	$ 4,898,524	-$225,000	$ 4,673,524
For administration of Farm Land Restoration Program	50,050	69,950	-69,950	- -
Total Conservation and Use	4,948,093	4,968,474	-294,950	4,673,524
Agricultural Adjustment Programs:				
For administration of acreage allotment and marketing quota and production goals and assistance programs	2,956,720	2,995,781	-1,591,981	$ 1,403,800
Sugar Act Program:				
For administration of sugar payment program	615,800	707,979	-17,979	690,000

(Revised)

Purpose for which funds are transferred into this account	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
Removal of Surplus Agricultural Commodities:				
For services in connection with certain distribution and purchase programs.....	206,000	250,000	-146,000	104,000
Salaries and Expenses, Defense Production Activities:				
For services in connection with the agricultural phases of defense production	120,000	57,500	-57,500	1/
Operating and Administrative Expenses, Federal Crop Insurance Corporation:				
For services in connection with Federal Crop Insurance program	376,985	595,100	-85,364	509,736
National School Lunch Program:				
For services in connection with the school lunch program.....	90,000	129,000	-20,000	109,000
Flood Prevention, Agriculture:				
For services in connection with preliminary examinations and surveys and general basin investigations.....	74,607	- -	+5,000	5,000
Working Funds:				
For services in connection with the guayule seed and seedling program	13,254	- -	- -	- -
Other:				
For services in connection with price support and procurement programs and other miscellaneous programs	3,265,508	3,633,452	-36,700	3,596,752
Total available.....	12,666,967	13,337,286	-2,245,474	11,091,812
Unobligated balance estimated savings	-217,554	- -	- -	- -
Total obligations 2/ ..	12,449,413	13,337,286	-2,245,474	11,091,812

1/ No Budget Estimate has yet been developed for this item.
2/ Includes allotments to other agencies as follows:

	1952	1953 (estimated)	1954 Revised (estimated)
Forest Service	$19,746	$20,860	$22,000
Extension Service	900	800	800

WORK PERFORMED WITH FUNDS OBLIGATED IN 1952

Agricultural Conservation Program

Counties with program	3,052
Applications processed	2,130,637
Conservation materials and services samples handled	23,414
Conservation materials and services purchase orders or vouchers handled	2,301,454
Conservation materials and services contractors' vouchers handled	59,502
Counties with special AC program	51

Agricultural Production Programs

Acreage Allotments and Marketing Quotas

	Tobacco	Peanuts
Counties with program	777	601
Allotments established	604,784	157,479
Appeals handled	1,435	368
Marketing cards issued	734,471	228,203
Memoranda of sale handled	3,201,415	569,211
Buyer, dealer and warehouse reports checked	140,059	14,071
Violations	11,271	3,654
Farms planted in excess of allotment	30,286	55,767
Penalties and refunds handled	87,841	27,174

Production Goals and Assistance Programs

State goals for individual commodities	568
County goals for individual commodities	6,451
Counties for which goals were established	2,678
Reports on draft or discharge cases	7,017
Surveys or reports on critical materials	1,396

Sugar Program

Counties with program	328
Farms for which computations were made	36,397
Applications processed	32,479
Applications summarized, child labor and wage rate cases	34,073

Removal of Surplus Agricultural Commodities

Apple purchase vouchers handled	3,445

Defense Production Activities

Construction permits and allocations of controlled materials	2,503
Certificates of necessity for tax amortization	823
Section 302 loans	163
Requests for priority ratings for crawler tractors	2,381

Crop Insurance

County programs	861
Contracts in force	340,686

Price Support

Loans and Purchase Agreements

Loans processed	320,885
Purchase agreements processed	11,352
County loans programs	6,022
Samples tested	172,751

Grain Storage Structure Program

Sites	3,416
Structures	123,901
Bushels of grain in structures	281,521,012
Counties with one or more sites	804

(i) Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938

This appropriation account for National and State operating expenses was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated to be required for carrying out, or cooperating in carrying out, various programs assigned to the National and State PMA offices.

The State Committees, appointed pursuant to the provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act, are in general administrative charge of all programs in their respective States which are assigned to them by the Production and Marketing Administration. Within the framework of the national policy, they determine State policies and direct the adaptation of the national programs to the State.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1953, as shown below and base for 1954	$13,337,286
Transfers, 1954, as shown below	12,894,656
Decrease	- 442,630

STATEMENT OF SOURCES, PURPOSES, AND AMOUNT OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account	1952	1953 (estimated)	1954 (estimated)	Increase or Decrease
Conservation and Use of Agricultural Land Resources:				
For administration of Agricultural Conservation Program	$4,898,043	$4,898,524	$4,968,024	+$69,500
For administration of Farm Land Restoration Program..	50,050	69,950	- -	-69,950
Total Conservation and Use	4,948,093	4,968,474	4,968,024	-450
Agricultural Production Programs:				
For administration of acreage allotment and marketing quota and production goals and assistance programs	2,956,720	2,995,781	2,605,950	-389,831

Purpose for which funds are transferred into this account	1952	1953 (estimated)	1954 (estimated)	Increase or Decrease
Sugar Act Program:				
For administration of sugar payment program	$ 615,800	$ 707,979	$ 744,850	+$36,871
Removal of Surplus Agricultural Commodities				
For services in connection with certain distribution and purchase programs	206,000	250,000	250,000	- -
Salaries and Expenses, Defense Production Activities:				
For services in connection with the agricultural phases of defense production	120,000	57,500	1/	-57,500
Operating and Administrative Expenses, Federal Crop Insurance Corporation:				
For services in connection with Federal Crop Insurance program	376,985	595,100	575,040	-20,060
National School Lunch Program:				
For services in connection with the school lunch program	90,000	129,000	129,000	- -
Flood Prevention, Agriculture:				
For services in connection with preliminary examinations and surveys and general basin investigations	74,607	- -	60,040	+60,040

Purpose for which funds are transferred into this account	1952	1953 (estimated)	1954 (estimated)	Increase or Decrease
Working Funds:				
For services in connection with the guayule seed and seedling program	13,254	- -	- -	- -
Other:				
For services in connection with price support and procurement programs and other miscellaneous programs	3,265,508	3,633,452	3,561,752	-71,700
Total available	12,666,967	13,337,286	12,894,656	-442,630
Unobligated balance, estimated savings	-217,554	- -	- -	- -
Total obligations 2/	12,449,413	13,337,286	12,894,656	-442,630

1/ No Budget Estimate has yet been developed for this item.
2/ Includes allotments to other agencies as follows:

	1952	1953 (estimated)	1954 (estimated)
Forest Service	$19,746	$20,860	$22,000
Extension Service	900	800	800

WORK PERFORMED WITH FUNDS OBLIGATED IN 1952

Agricultural Conservation Program

Counties with program	3,052
Applications processed	2,130,637
Conservation materials and services samples handled	23,414
Conservation materials and services purchase orders or vouchers handled	2,301,454
Conservation materials and services contractors' vouchers handled	59,502
Counties with special AC program	51

WORK PERFORMED WITH FUNDS OBLIGATED IN 1952 (CONTINUED)

Agricultural Production Programs

Acreage Allotments and Marketing Quotas

	Tobacco	Peanuts
Counties with program	777	601
Allotments established	604,784	157,479
Appeals handled	1,435	368
Marketing cards issued	734,471	228,203
Memoranda of sale handled	3,201,415	569,211
Buyer, dealer and warehouse reports checked	140,059	14,071
Violations	11,271	3,654
Farms planted in excess of allotment	30,286	55,767
Penalties and refunds handled	87,841	27,174

Production Goals and Assistance Programs

State goals for individual commodities	568
County goals for individual commodities	6,451
Counties for which goals were established	2,678
Reports on draft or discharge cases	7,017
Surveys or reports on critical materials	1,396

Sugar Program

Counties with program	328
Farms for which computations were made	36,397
Applications processed	32,479
Applications summarized, child labor and wage rate cases	34,073

Removal of Surplus Agricultural Commodities

Apple purchase vouchers handled	3,445

Defense Production Activities

Construction permits and allocations of controlled materials	2,503
Certificates of necessity for tax amortization	823
Section 302 loans	163
Requests for priority ratings for crawler tractors	2,381

Crop Insurance

County programs	861
Contracts in Force	340,686

WORK PERFORMED WITH FUNDS OBLIGATED IN 1952 (CONTINUED)

Price Support

Loans and Purchase Agreements

Loans processed	320,885
Purchase agreements processed	11,352
County loan programs	6,022
Samples tested	172,751

Grain Storage Structure Program

Sites	3,416
Structures	123,901
Bushels of grain in structures	281,521,012
Counties with one or more sites	804

(i) Local Administration, Section 388, Agricultural Adjustment Act of 1938

This appropriation account for PMA county offices was established pursuant to sections 392(a) and 388(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated to be required for carrying out or cooperating in carrying out various programs assigned to the PMA county offices.

The PMA county and community committees are responsible for the local administration of all programs of the Production and Marketing Administration dealing directly with farmers. The elected PMA county committee is in charge of the county office.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1953, as shown below and base for 1954	$36,793,460
Transfers, 1954, as shown below	33,421,562
Decrease	-3,371,898

STATEMENT OF SOURCES, PURPOSES AND AMOUNTS OF FUNDS TRANSFERRED

Purpose for which funds are transferred into this account	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
Conservation and Use of Agricultural Land Resources:				
For administration of Agricultural Conservation Program	$20,284,000	$21,855,618	-$350,442	$21,505,176
For administration of Farm Land Restoration Program.	958,800	706,200	-706,200	- -
Total Conservation and Use of Agricultural Land Resources	21,242,800	22,561,818	-1,056,642	21,505,176
Agricultural Adjustment Programs:				
For administration of acreage allotment and marketing quota and production goals programs	6,970,280	6,896,000	-2,033,800	4,862,200
Sugar Act Program:				
For administration of sugar payment program ..	365,000	374,242	- -	374,242

Purpose for which funds are transferred into this account	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
Removal of Surplus Agricultural Commodities:				
For services in connection with certain distribution and purchase programs ..	81,000	81,000	- -	81,000
Operating and Administrative Expenses, Federal Crop Insurance Corporation:				
For services in connection with Federal Crop Insurance program	1,379,515	2,260,400	-301,456	1,958,944
Flood Prevention, Agriculture:				
For services in connection with preliminary examinations and surveys and general basin investigations	6,800	- -	- -	- -
Working Funds:				
For services in connection with the guayule seed and seedling program	76,693	- -	- -	- -
Other:				
For services in connection with price support programs and other miscellaneous services	3,661,712	4,620,000	+20,000	4,640,000
Total available for obligation 2/	1/ 33,783,800	1/ 36,793,460	-3,371,898	1/ 33,421,562
Unobligated balance, estimated savings	-225,550	- -	- -	- -
Obligations incurred ...	33,558,250	36,793,460	-3,371,898	33,421,562

1/ Includes allotments to other agencies as follows:

	1952	1953	1954
Extension Service	$ - -	$ 2,900	$ 4,500
Forest Service	108,237	116,600	124,000

2/ Does not include reimbursements received directly by the county committees for services rendered Federal agencies.

WORK PERFORMED WITH FUNDS OBLIGATED IN 1952

Agricultural Conservation Program

Applications processed	2,130,637
Conservation materials and services samples handled	23,414
Conservation materials and services purchase orders or vouchers handled	2,301,454
Special AC programs	51
Total farms	5,521,718
Participating farms	2,357,122

Agricultural Production Programs

Acreage Allotments and Marketing Quotas

	Tobacco	Peanuts
Allotments established	604,784	157,479
Appeals handled	1,435	368
Marketing cards issued	734,471	228,203
Memoranda of sale checked	3,201,415	569,211
Violations	11,271	3,654
Farms planted in excess of allotment	30,286	55,767
Penalties and refunds handled	87,841	27,174

Production Goals and Assistance Programs

County goals for individual commodities	6,451
Reports on draft or discharge cases	7,071
Surveys or reports on critical materials	1,396

Sugar Program

Farms for which computations were made	36,397
Applications processed	32,479
Applications summarized, child labor and wage rate cases	34,073

Removal of Surplus Agricultural Commodities

Apple purchase vouchers handled	2,274

Crop Insurance

County programs	861
Contracts in Force	340,686

Price Support

Loans and Purchase Agreements

Loans processed	320,885
Purchase agreements processed	11,352
County programs	6,022
Samples taken	320,000

Grain Storage Structure Program

Sites	3,416
Structures	123,901
Bushels of grain in structures	281,521,012

(j) Local Administration, Section 388, Agricultural Adjustment Act of 1938

This appropriation account for PMA county offices was established pursuant to sections 392(a) and 388(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated to be required for carrying out or cooperating in carrying out various programs assigned to the PMA county offices.

The PMA county and community committees are responsible for the local administration of all programs of the Production and Marketing Administration dealing directly with farmers. The elected PMA county committee is in charge of the county office.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1953, as shown below and base for 1954	$36,793,460
Transfers, 1954, as shown below	40,128,678
Increase	+3,335,218

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account	1952	1953 (estimated)	1954 (estimated)	Increase or Decrease
Conservation and Use of Agricultural Land Resources:				
For administration of Agricultural Conservation Program	$20,284,000	$21,855,618	$27,527,976	+$5,672,358a/
For administration of Farm Land Restoration Program .	958,800	706,200	- -	-706,200
Total Conservation and Use of Agricultural Land Resources	21,242,800	22,561,818	27,527,976	+4,966,158
Agricultural Production Programs:				
For administration of acreage allotment and marketing quota and production goals programs	6,970,280	6,896,000	5,300,050	-1,595,950

a/ Includes $5,516,858 representing a shift from program funds to the administrative expense limitation (rather than an increase in funds available) for continuation of farm-to-farm efforts to increase the application of more permanent type practices.

Purpose for which funds are transferred into this account	1952	1953 (estimated)	1954 (estimated)	Increase or Decrease
Sugar Act Program:				
For administration of sugar payment program ...	365,000	374,242	374,242	- -
Removal of Surplus Agricultural Commodities:				
For services in connection with certain distribution and purchase programs ..	81,000	81,000	81,000	- -
Operating and Administrative Expenses, Federal Crop Insurance Corporation:				
For services in connection with Federal Crop Insurance program	1,379,515	2,260,400	2,180,160	-80,240
Flood Prevention, Agriculture:				
For services in connection with preliminary examinations and surveys and general basin investigations	6,800	- -	25,250	+25,250
Working Funds:				
For services in connection with the guayule seed and seedling program	76,693	- -	- -	- -
Other:				
For services in connection with price support programs and other miscellaneous services	3,661,712	4,620,000	4,640,000	+20,000
Total available for obligation..... 2/	1/ 33,783,800	1/ 36,793,460	1/ 40,128,678	+3,335,218
Unobligated balance, estimated savings	-225,550	- -	- -	- -
Obligations incurred	33,558,250	36,793,460	40,128,678	+3,335,218

1/ Includes allotments to other agencies as follows:

	1952	1953	1954
Extension Service	$ - -	$ 2,900	$ 4,500
Forest Service	108,237	116,600	124,000

2/ Does not include reimbursements received directly by the county committees for services rendered Federal agencies.

Funds from this appropriation account are advanced to the PMA county committees each month or quarter on the basis of their estimate of requirements for the period. These funds are deposited in the county committee bank accounts and used to pay the expenses of the committee. Unobligated balances in the bank accounts at the end of each month or quarter are used to pay expenses incurred in the following month or quarter. The estimate for the following month or quarter is reduced by the amount not obligated in the period just ended. Unobligated balances in the bank accounts at the end of a fiscal year are used for expenses of the next succeeding year. Year end balances are kept as low as possible and as of the end of the last four fiscal years were as follows:

1949, $1,281,414; 1950, $2,463,763; 1951, $1,151,336; 1952, $807,511.

The PMA county committees performed certain functions for the Commodity Credit Corporation during the fiscal year 1952 in connection with the CCC grain storage structure program and other CCC programs. This work which included erection of storage structures, handling and maintenance of grain, maintenance and operation of sites and structures, etc., was paid for from the county committee bank accounts. The funds expended were refunded to the bank accounts by sight drafts drawn on CCC corporate funds. The amount of such refunds in the fiscal year 1952 was $9,473,185, and is estimated at $12,300,000 for fiscal year 1953.

WORK PERFORMED WITH FUNDS OBLIGATED IN 1952

Agricultural Conservation Program	
Applications processed	2,130,637
Conservation materials and services samples handled	23,414
Conservation materials and services purchase orders or vouchers handled	2,301,454
Special AC programs	51
Total farms	5,521,718
Participating farms	2,357,122

Agricultural Production Programs

Acreage Allotments and Marketing Quotas

	Tobacco	Peanuts
Allotments established	604,784	157,479
Appeals handled	1,435	368
Marketing cards issued	734,471	228,203
Memoranda of sale checked	3,201,415	569,211
Violations	11,271	3,654
Farms planted in excess of allotment	30,286	55,767
Penalties and refunds handled	87,841	27,174

Production Goals and Assistance Programs

County goals for individual commodities	6,451
Reports on draft or discharge cases	7,071
Surveys or reports on critical materials	1,396

WORK PERFORMED WITH FUNDS OBLIGATED IN 1952 (CONTINUED)

Sugar Program	
Farms for which computations were made	36,397
Applications processed	32,479
Applications summarized, child labor and wage rate cases	34,073
Removal of Surplus Agricultural Commodities	
Apple purchase vouchers handled	2,274
Crop Insurance	
County programs	861
Contracts in Force	340,686
Price Support	
Loans and Purchase Agreements	
Loans processed	320,885
Purchase agreements processed	11,352
County programs	6,022
Samples taken	320,000
Grain Storage Structure Program	
Sites	3,416
Structures	123,901
Bushels of grain in structures	281,521,012

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Agricultural Marketing Act, Agriculture (Production and Marketing Administration):			
For marketing research and services	$2,121,139	$2,240,000	$2,335,500
Flood Prevention, Agriculture (Production and Marketing Administration):			
For preliminary examinations and surveys	91,057	32,000	110,000
For general basin investigations	43,800	26,000	77,000
Total	134,857	58,000	187,000
Working Funds, Agriculture, Production and Marketing Administration, Advanced from:			
Department of the Army:			
For inspection of fresh and processed fruits and vegetables	600,925	640,000	- -
For inspection of miscellaneous grain and cereal products	58,295	64,000	- -
Total, Department of Army	659,220	704,000	- -
Commodity Credit Corporation:			
For classification of cotton	42,888	100,000	- -
For grading of wool and mohair	35,240	319,000	- -
Total, Commodity Credit Corporation	78,128	419,000	- -
Total, Working Funds, Agriculture, PMA	737,348	1,123,000	- -
Working Funds, Agriculture, General (Production and Marketing Administration), Advanced from:			
Department of the Air Force:			
For indexing and preparation of aerial photographs for mosaics and charting purposes	126,786	205,000	- -

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
For cost of aerial photography for certain urban areas	9,000	- -	- -
Department of State:			
Administrative expenses for execution, direction, coordination, administration and training in connection with Point IV training	- -	9,000	- -
General Services Administration:			
For the production and acquisition of guayule seeds and seedlings on behalf of the national stockpile	99,583	- -	- -
Total, Working Funds, Agriculture, General	235,369	214,000	- -
Total, Working Funds	972,717	1,337,000	- -
Trust Funds:			
Expenses and Refunds, Inspection and Grading of Farm Products, Production and Marketing Administration:			
For inspection and grading and certification of:			
Fresh and processed fruits and vegetables	2,291,540	2,432,000	2,425,000
Dairy and poultry products .	3,087,015	3,165,000	3,155,000
Rice, hay, beans, peas, seeds, hops and miscellaneous agricultural commodities ..	480,759	563,000	550,000
Meats and wool	4,495,764	4,764,000	4,752,000
Naval stores	17,537	20,000	18,000
Total	10,372,615	10,944,000	10,900,000

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Miscellaneous Contributed Funds, Department of Agriculture (Production and Marketing Administration):			
For cooperative research with various contributors on the marketing of fruits and fruit products	10,850	10,850	10,850
For aerial survey and preparation of photographs and charts	101,562	200,000	200,000
Total	112,412	210,850	210,850
Salaries and Expenses, Defense Production Activities, Agriculture (Production and Marketing Administration):			
For requirements and allocations	1,143,375	925,800	- -
For materials and facilities ..	1,832,220	1,204,200	- -
Total	2,975,595	2,130,000	- -
Mutual Security (Allocation to Agriculture) (Production and Marketing Administration):			
For providing or procuring commodities for other agencies for distribution to foreign claimants	222,039,030	14,834,000	- -
For expenses incident to the foreign trainee program	6,603	15,402	- -
For determination of surplus agricultural products pursuant to Section 112 of Foreign Assistance Act of 1948	35,356	10,000	- -
Total	222,080,989	14,859,402	- -
Obligations Under Reimbursements From Governmental and Other Sources:			
Conservation and Use:			
For sales of aerial photographs	434,822	400,000	400,000

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Marketing Services:			
For services rendered cooperating State, county, local and private agricultural marketing agencies and licensed tobacco inspectors	880,576	813,540	813,540
For inspection, grading and classing, and standardization services	1,513,584	2,164,160	2,164,160
For market news service and regulatory activities	12,050	11,650	11,650
Total, Marketing Services ..	2,406,210	2,989,350	2,989,350
Commodity Credit Corporation:			
Supply and Foreign Purchase Program	1,292,482	1,100,000	1,000,000
Miscellaneous	435,959	465,435	429,000
Total	1,728,441	1,565,435	1,429,000
All other	109	- -	- -
Total, reimbursements	4,569,582	4,954,785	4,818,350
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	243,339,906	36,734,037	18,451,700

PAYMENTS FOR AGRICULTURAL ADJUSTMENT

An appropriation of $296,185,000 (to remain available until expended) was provided under this account by the Act of February 11, 1936 (49 Stat. 1116,1117) to enable the Secretary of Agriculture to meet all obligations and commitments incurred under the provisions of the Agricultural Adjustment Act as amended (Rental and Benefit Payment Program). No obligations were incurred in fiscal year 1952 and the unobligated balance of $324 was returned to the surplus fund of the Treasury in fiscal year 1953.

SALARIES AND EXPENSES, AGRICULTURAL ADJUSTMENT ADMINISTRATION

The sum of $100,000,000 was appropriated to remain available until expended, in accordance with provisions of 7 U.S.C. 608c - 608d, 612. The unobligated balance of $161 will be returned to the surplus fund of the Treasury during fiscal year 1953.

SUPPLY AND DISTRIBUTION OF FARM LABOR, DEPARTMENT OF AGRICULTURE

The farm labor program was originally established in 1943 to provide an adequate supply of workers for the production and harvesting of agricultural commodities essential to the prosecution of the war. The emergency farm labor recruitment and placement phases of the program expired December 31, 1947. Pursuant to Sec. 205 of Public Law 475, approved April 20, 1950, the balance remaining in the account was transferred to Public Housing Administration for operation and disposition of farm labor supply centers. The Budget schedule reflects a balance of $204 which will be transferred to Public Housing Administration during fiscal year 1953.

PASSENGER MOTOR VEHICLES

The 1954 estimates provide for the replacement of 60 passenger cars representing 16 percent of the total of 373 cars available to the Production and Marketing Administration. These replacements include: (a) 35 cars for Marketing Service activities; (b) 20 cars for Market inspection and related trust fund activities; (c) 1 for Perishable Agricultural Commodities Act fund activities; and (d) 4 cars for Commodity Credit Corporation and related supply programs.

These replacements are necessary for providing essential service under PMA programs as follows (1) carrying special grading and testing equipment used in connection with required work under U. S. Warehouse Act, Packers and Stockyards Act, U. S. Grain Standards Act, Cotton Classing, Naval Stores Act, Market Inspection of Agricultural Commodities, (2) collection of samples for checking and testing under U. S. Grain Standards Act; Cotton Classing Acts; Insecticide, Fungicide and Rodenticide Act; Inspection of Processed Farm Products, (3) carrying boxes of Cotton Standards types used in classing work and demonstrations at farmers meetings; and for carrying market news releases and related material for distribution at tobacco auction markets and for assistance to farmers in preparing tobacco for market, (4) for travel to places which are in most cases not accessible by common carrier, such as travel to market terminals; offices of produce dealers and truckers; processing plants; canneries; stockyards; tobacco auction markets; cotton gins, plantation, and compress operators; railroad yards; piers; grain elevators; and warehouses.

Passenger vehicles are replaced on the basis of justification with respect to mileage and age standards and other factors. The cars are assigned to those field offices of the Branches and Offices which require the use of cars in the efficient operation of their programs. For example, in the inspection of fruits and vegetables, the cars are assigned to field offices on the basis of the volume of work. This inspection service is performed on a fee basis and by using these cars, the inspectors are able to service a greater area without any loss in time or revenue.

To assure proper utilization of cars, the Production and Marketing Administration requires monthly operating reports and a periodic survey to determine the extent to which the vehicles are being used and their condition. Cars which are found to be in excess of the needs of an office are recommended for reassignment to other locations or declared surplus. During fiscal year 1952, eleven cars were disposed of without replacement. In connection with cotton classing, it is the policy to reassign cars among classing offices to assist in peak loads of classing cotton. Also, on the basis of car mileage checks, cars used for cotton classing are shifted from locations with indicated low mileage to locations requiring greater use of cars, thereby better conserving and utilizing automotive equipment.

The age and mileage data for passenger motor vehicles on hand as of June 30, 1952, follows:

Age Data		Mileage Data	
Age-Year Model	Number of Vehicles	Lifetime Mileage	Number of Vehicles
1952	33	0 - 20,000	107
1951	41	20,000 - 40,000	107
1950	51	40,000 - 60,000	91
1949	61	60,000 - 80,000	47
1948	64	80,000 - 100,000	10
1947	83	over 100,000	4
1946	15	Total	a/ 366
1942 and older	18		
Total	a/ 366		

a/ Excludes 7 cars on order but not delivered as of June 30, 1952, 6 of which are applicable to trust fund appropriations.

COMMODITY EXCHANGE AUTHORITY

Purpose Statement

The Commodity Exchange Authority administers the Commodity Exchange Act of September 21, 1922, as amended.

The major objectives of the act are: to prevent commodity price manipulation and corners; prevent dissemination of false and misleading crop and market information affecting commodity prices; protect hedgers and other users of the commodity futures markets against cheating, fraud, and manipulative practices; insure the benefits of membership privileges on contract markets to cooperative associations of producers; insure trust-fund treatment of margin moneys and equities of hedgers and other traders and prevent the misuse of such funds by brokers; and provide information to the public regarding trading operations and contract markets.

The basic act was designated as the Grain Futures Act and conferred limited authority with respect to futures trading in grains only. By amendment of June 15, 1936, its short-title designation was changed to "Commodity Exchange Act," its regulatory provisions strengthened and extended to cotton, millfeeds, butter, eggs, potatoes, and rice. By amendment of April 7, 1938, wool tops were added to the commodities subject to the act; and fats and oils, cottonseed, cottonseed meal, peanuts, soybeans, and soybean meal were added by the act of October 9, 1940.

At the present time futures trading is conducted in 20 commodities on 18 exchanges. During the 1952 fiscal year trading in all grain futures aggregated 12.6 billion bushels of which wheat accounted for 4,342 million bushels. Trading in cotton futures aggregated 95 million bales. Trading in 10 of the 20 commodities was greater during the year than during the previous year. It is estimated that futures trading in all commodities amounted to forty-nine billion dollars during the 1952 fiscal year, over twice the value of all transactions in stocks and bonds on all registered securities exchanges.

Federal supervision over futures trading is carried out by licensing commodity exchanges, registering futures commission merchants and floor brokers, reviewing exchange rules and regulations; compiling, reviewing and releasing information on futures trading; auditing brokers' books and records to assure segregation of customers' funds; examining brokers' financial statements; analyzing and appraising futures trading, cash-futures relationships, deliverable supplies, and price movements; establishing and enforcing limits on speculative trading; and investigating and aiding in the prosecution of violations.

These functions are performed through a central organization in Washington and five field offices, located in the commodity markets at Chicago, Kansas City, Minneapolis, New Orleans, and New York. On November 20, 1952, the Commodity Exchange Authority had 125 employees, 39 of whom were stationed in Washington, D. C. and 86 in the field offices.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds	$725,000	~~$725,000~~ $700,000

Salaries and Expenses

Appropriation Act, 1953, and base for 1954	$725,000
Revised Budget Estimate, 1954	700,000
Decrease (resulting from deferring the establishment of speculative limits on additional commodities).....	-25,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Decrease	1954 Revised (estimated)
1. Licensing	$ 43,518	$ 43,500	- -	$ 43,500
2. Supervision of futures trading .	349,313	390,000	- -	390,000
3. Audits	135,462	143,000	- -	143,000
4. Investigations	104,273	118,500	- -	118,500
5. Establishment and review of speculative limits	26,748	30,000	-25,000 (1)	5,000
Unobligated balance	1,486	- -	- -	- -
Total appropriation or estimate	660,800	725,000	-25,000	700,000

DECREASE

(1) A decrease of $25,000 for establishment of speculative limits due to deferring in 1954 the establishment of limits on additional commodities. The Commodity Exchange Act contemplates that limits on speculative trading and positions shall be fixed on all commodities and it is contemplated that preliminary work in preparing basic data leading to the establishment of such limits on additional commodities will be carried on as much as possible under existing funds. However, in the absence of pressing demands by farm or trade groups it is believed that the Commodity Exchange Commission would be justified in deferring the imposition of limits on additional commodities unless newly-arising conditions should necessitate such establishment during 1954.

CHANGE IN LANGUAGE

The estimate includes a proposed change in language as follows:

> To enable the /Security/ Secretary to carry into effect the provisions of the Commodity Exchange Act, as amended (7 U.S.C. 1-17a), /$725,000/ $700,000.

This change is for the purpose of correcting the word "Security," inadvertently carried in the 1953 appropriation act.

Salaries and Expenses

Appropriation Act, 1953, and base for 1954	$725,000
Budget Estimate, 1954	725,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	1954 (estimated)
1. Licensing	$43,518	$43,500	$43,500
2. Supervision of futures trading .	349,313	390,000	390,000
3. Audits	135,462	143,000	143,000
4. Investigations	104,273	118,500	118,500
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Unobligated balance	1,486	- -	- -
Total appropriation or estimate ...	660,800	725,000	725,000

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STATUS OF PROGRAM

Objective and Functions: The purpose of the Commodity Exchange Act is to prevent price manipulation and corners and to insure fair practice and honest dealing on commodity exchanges. Enforcement of the act requires supervision over 18 commodity exchanges designated as "contract markets." Enforcement is a continuous process involving:

1. Market designation and broker registration: (a) Designation of commodity exchanges as contract markets; (b) annual registration of futures commission merchants and floor brokers; and (c) continuing review of exchange rules and regulations.

2. Supervision of futures trading: (a) Compilation, audit, tabulation and review of trade reports and current market analyses; (b) enforcement of speculative limits; (c) review of market news and letters; (d) maintenance of a quotation and ticker service; (e) analysis of cash commodity transactions; (f) cooperative activities with control committees of contract markets; (g) observance of floor trading; and (h) compilation and publication of market information.

3. Prevention of misuse of customers' funds: (a) Audit and examination of records of futures commission merchants and (b) analysis of brokers' financial statements.

4. Investigation and control of trade practices: (a) Investigation of complaints and alleged and apparent violations; (b) trade practice audits and surveys; (c) investigation of delivery practices; and (d) preparation and presentation of evidence of violations in administrative hearings and judicial proceedings.

5. Establishment and review of speculative limits: Fix and constantly review limits on speculative futures transactions and open contracts on contract markets as may be found necessary to diminish, eliminate or prevent sudden or unreasonable fluctuations in futures prices.

Recent Activities:

MARKETS, COMMODITIES, AND BROKERS

The number of contract markets designated under the Commodity Exchange Act remained unchanged at 18 during fiscal 1952. The Chicago Board of Trade was designated for one additional commodity - soybean meal. All told, trading for future delivery was conducted in 20 different commodities, the same as the preceding year. The contract markets and the commodities traded in are listed below:

Market	Regulated commodity
Chicago Board of Trade.....	Wheat, corn, oats, rye, soybeans, lard, cotton, soybean oil, grain sorghums, soybean meal.

Market (Cont.)	Regulated commodity
Chicago Mercantile Exchange.....	Butter, eggs, potatoes.
Chicago Open Board of Trade.....	Wheat, corn, oats, rye, soybeans.
Duluth Board of Trade.....	(No trading in 1951-52.)
Kansas City Board of Trade.....	Wheat, corn, bran, shorts, grain sorghums.
Los Angeles Grain Exchange.....	(No trading in 1951-52.)
Memphis Merchants Exchange Clearing Association.....	Cottonseed meal, soybean meal.
Milwaukee Grain Exchange.....	Wheat, corn, oats, rye.
Minneapolis Grain Exchange.....	Wheat, oats, rye, flaxseed, soybeans.
New Orleans Cotton Exchange.....	Cotton, cottonseed oil.
New York Cotton Exchange.....	Cotton.
New York Mercantile Exchange.....	Eggs, potatoes, rice, butter.
New York Produce Exchange.....	Cottonseed oil, soybean oil.
Portland Grain Exchange.....	(No trading in 1951-52.)
St. Louis Merchants' Exchange....	(No trading in 1951-52.)
San Francisco Grain Exchange.....	(No trading in 1951-52.)
Seattle Grain Exchange.....	Wheat.
Wool Associates of the New York Cotton Exchange.....	Wool tops.

There were 623 futures commission merchants registered, compared with 629 during the previous year. The number of floor brokers registered was 827, compared with 780. As of June 30, 1952, the registered futures commission merchants maintained a total of 1,845 principal and branch offices, and had agents in 226 offices other than their own engaged in soliciting or accepting orders for the purchase or sale of commodities for future delivery. Of the 585 active futures commission merchants registered as of June 30, 1952, for the 1952 calendar year, 308 were partnerships, 162 were corporations and 115 were sole proprietorships.

Bylaws, rules, and regulations, submitted to the Authority by contract markets pursuant to requirements, were reviewed currently and changes proposed whenever necessary to effect compliance with the law.

Registration fees collected from futures commission merchants and floor brokers, which are deposited with the United States Treasury as miscellaneous receipts, totalled $17,684, as compared with $17,110 for the previous year.

FUTURES TRADING

Estimated value of trading.-The value of futures trading in regulated agricultural commodities was estimated at $49,179,134,000, an increase of 4 percent over the 1951 total of $47,143,639,000.

Transactions in futures.-Trading activity in all commodities as measured by number of transactions (purchases and sales in terms of contract units) increased by 5 percent over the previous year. In 1952, total transactions were estimated at 8,679,000 compared with 8,257,000 in 1951. The 1952 figure was 42 percent above the 10-year (1942-51) average of 6,096,000.

Volume of trading.-Figures on trading volume given below show the continued high level of activity in 1952, as compared with the previous year:

Volume of futures trading on all contract markets combined, by commodities, fiscal years ended June 30, 1951 and June 30, 1952

Commodity	Unit	1951	1952	Percent of increase or decrease
Wheat	1,000 bushels	4,675,715	4,341,690	- 7.1
Corn	do	2,236,588	2,639,639	+ 18.0
Oats	do	1,617,253	2,239,205	+ 38.5
Rye	do	576,216	426,587	- 26.0
Soybeans	do	2,952,610	2,953,180	1/
Flaxseed	do	5,607	40,926	+ 629.9
Grain sorghums	Million pounds	2,309	8,634	+ 273.9
Rice	1,000 pounds	2,880	320	- 88.9
Cotton	1,000 bales	79,067	94,887	+ 20.0
Wool tops	1,000 pounds	82,780	172,385	+ 108.2
Butter	Carlots	3,236	8,369	+ 158.6
Eggs	do	148,811	90,006	- 39.5
Potatoes	do	2,627	18,181	+ 592.1
Cottonseed oil	1,000 pounds	7,331,700	7,989,720	+ 9.0
Soybean oil	do	3,532,620	2,795,760	- 20.9
Lard	do	2,213,080	1,323,880	- 40.2
Bran	Tons	406,800	285,390	- 29.8
Shorts	do	173,670	161,280	- 7.1
Cottonseed meal	do	586,800	584,900	- 0.3
Soybean meal	do	2,292,000	1,972,500	- 13.9

1/ Less than 0.1 percent increase.

Reports.-A total of 560,510 reports on the volume of futures trading and open contracts was received, tabulated, summarized and analyzed, an increase of 11 percent over the 505,752 reports made in 1951. Of these, 306,142 were reports from brokers on daily volume of trading and open contracts, while 254,368 were from large traders relating to their daily transactions and open positions and weekly positions in cash commodities.

Delivery notices.-During 1952 a total of 30,269 copies of delivery notices were submitted by exchange clearing members, compared with 31,802 in the 1951 year.

Publications.-These included a special statistical bulletin covering data on cotton call sales and purchases for the five crop years 1945-50, in addition to the annual "Commodity Futures Statistics" giving figures on volume of trading, open contracts, prices and other phases of futures trading in all commodities under the act.

A descriptive leaflet on the Commodity Exchange Act and the Commodity Exchange Authority was prepared and in process of being printed at the end of the year.

SPECULATIVE LIMITS

Establishment.-On June 30, 1952, the Commodity Exchange Commission announced a public hearing to be held on July 28 to consider the establishment of speculative trading and position limits on cottonseed oil, soybean oil, and lard. In preparation for this hearing a comprehensive survey had been made of the size and character of these markets as well as the effect of speculative trading upon them. Limits are placed upon trading and open positions under the provisions of section 4a of the Commodity Exchange Act. Their purpose is to diminish, eliminate, or prevent excessive speculation causing sudden, unreasonable, or unwarranted price changes. Information submitted at this hearing will be considered prior to the determination and promulgation of such speculative limits. The limits to be established do not apply to hedging transactions or positions. These are the first processed commodities upon which speculative limits are proposed, and pose problems not encountered in connection with limits established hitherto on raw commodities.

Enforcement.-Scrutiny of reports received directly from large traders and from brokerage firms on the activities of large traders continued to be the primary means of obtaining compliance with the orders of the Commodity Exchange Commission. During 1952 there were 28 individual violations of speculative limits on which corrective action was taken, as compared with 10 in the previous year.

AUDITS

During the year 594 segregation audits were completed. These audits covered the accounts of 28,884 commodity customers who had to their credit $159,749,240. The average number of accounts per audit is at the highest point since such records have been kept and the average amount to each customer's credit is only slightly below the record figure.

In the course of these audits 369 deviations from the law or regulations were discovered. In most cases corrective measures were made when the deviations were brought to the attention of the brokerage houses. The remainder are under further investigation. During the course of the audits a number of persons were discovered to be acting as futures commission merchants without having been registered. Six hundred and sixteen financial statements were analyzed during the year.

COMPLIANCE INVESTIGATIONS

Cooperative approach to elimination of abusive trade practices.-A survey of trading on the Kansas City Board of Trade in April 1951 disclosed a number of instances in which brokers acted as both principal and agent in the execution of transactions for customers. While all such trades are prohibited by the Commodity Exchange Act, as well as the exchange rules, in no instance was there evidence that cheating or fraud was involved. It was decided, therefore, to enlist the exchange authorities

in an attempt to correct and prevent these practices without the heavy expense and time-consuming process of formal administrative procedure. A meeting was held with the exchange officials in October 1951 and immediately thereafter the exchange passed new regulations and instituted a system of supervision by its own members which should prove of material assistance in the elimination of the improper practices.

Indications of transactions similar to those described above were discovered on the Chicago Board of Trade during the latter part of 1951. Again it appeared that, while there was ample opportunity for the exploitation of customers through brokers becoming principals against their customers' orders, there was no substantial evidence that such exploitation had occurred. Officials of the Chicago Board of Trade were invited to Washington where they were told of the findings. These officials indicated that they would forcefully call to the attention of their members the fact that any continuation of these practices would result in disciplinary action under the Commodity Exchange Act and the exchange rules.

By obtaining cooperation from the exchanges in cases such as those discussed the Commodity Exchange Authority is able to conduct a much more effective and widespread enforcement program than would be possible with its extremely small staff if all cases were handled by administrative or criminal action.

Institution of criminal charges in case involving a second offence.-In contrast to the cooperative approach just discussed the Commodity Exchange Authority was recently faced with an instance in which a firm which had been the subject of an administrative action which was still pending engaged in another apparent violation of the law involving manipulation of the egg market. It appeared that officials of this firm decided to pursue all possible dilatory tactics to delay decision in the administrative action and to spend the time thus gained in again manipulating the market. Upon the second offense, however, the Commodity Exchange Authority decided to attempt the institution of criminal charges instead of again proceeding with an administrative action. The case was consequently presented to a Federal grand jury and an indictment has been obtained. Comments throughout the trade indicate that the use of the criminal provision of the act in this instance of a flagrant and repeated violation has had a very salutary effect in the egg trade.

It is the policy of the Commodity Exchange Authority to push vigorously administrative or criminal proceedings in cases where willful manipulation or cheating is apparent but to utilize cooperative action by the constructive elements in the trade in preventing or eliminating practices which, although questionable, are less serious and harmful.

MAJOR ACTIVITIES OF THE COMMODITY EXCHANGE AUTHORITY

	Actual		Estimated	
	1951	1952	1953	1954
I. Licensing:				
Futures commission merchants registered	629	623	650	650
Floor brokers registered	780	827	800	800
II. Supervision:				
Markets and commodities:				
Exchanges	18	18	18	18
Commodities	20	20	20	20
Markets (6 wheat markets, 3 cotton markets, etc.)	43	45	45	45
Reports tabulated and analyzed:				
Daily trading volume and open contracts	273,800	306,142	310,000	310,000
Daily and weekly reports on large traders	231,952	254,368	260,000	260,000
Delivery notices	31,802	30,269	32,000	32,000
Special calls and surveys	8	0	12	10
Accounts covered	8,000	0	12,000	10,000
General activities, including observance of trading exchange relations, enforcement of speculative limits, price compilations, quotations service, and review of market letters	x	x	x	x
III. Audits:				
Segregation audits	641	594	600	650
Accounts examined	25,787	28,884	29,000	30,000
Financial statements examined	628	616	650	665
IV. Investigations:				
Compliance investigations completed	27	21	20	25
Trade practice surveys completed	1	1	1	1
Number of transactions examined	20,870	18,342	40,000	25,000
Criminal prosecutions	1	2	2	1
Administrative proceedings	5	1	2	5
V. Establishment and review of speculative limits:				
Hearings completed (Number of commodities)	2	0	6	3

x - No measure of work load available

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Obligations Under Reimbursements From Governmental and Other Sources:			
Salaries and expenses	$366	- -	- -

(Revised)

FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation was created February 16, 1938, to furnish protection for the farmer's investment in producing crops against loss from unavoidable causes (7 U.S.C. 1501-1519). It is part of the general program of the United States Department of Agriculture administered for the benefit of agriculture, and promotes the National welfare by improving the economic stability of agriculture through a sound system of insurance protection.

The main objective of the crop insurance program is to provide farmers with a measure of financial security against production risks which cause unavoidable loss from such causes as drought, flood, hail, wind, frost, winter-kill, lightning, fire, excessive rain, snow, wildlife, hurricane, tornado, insect infestation, and plant disease.

It has been necessary in past years of widespread catastrophe for the Government to furnish financial assistance to stricken farmers in order to sustain this important phase of the national economy and to aid the farmers in maintaining their operations. Through the medium of crop insurance a well regulated plan is in effect in the important producing areas whereby farmers, through systematic savings in good years, accumulate a reserve for such catastrophes. Consequently the demand for public funds for the alleviation of their financial condition is lessened when an insurance reserve is available to draw on.

In accordance with the established policy of gradual expansion, the 1953 crop insurance program is being offered in 922 counties on wheat, cotton, flax, corn, tobacco, beans, citrus, and multiple crops. It is estimated that 405,000 farmers will be insured, an increase of about 64,000 over 1952. Under current legislation expansion to new counties is not provided for the 1954 crop year. However, it is estimated that for the 1954 crop year there will be 420,000 contracts in force, or a net increase of 15,000 over the 1953 program.

Summary of Insurance Oprations and Changes in Capital

	Fiscal Years		
	1952	1953	1954
Net capital at beginning of year	$30,700,254	$28,393,237	$28,895,970
Additions to capital during the year:			
Insurance premiums (net)...	19,106,859	21,215,333	24,995,900
Interest and other income .	186,779	200,000	200,000
Total capital available for insurance operations during year	$49,993,892	49,808,570	54,091,870

(Revised)

Deductions from capital during the year:			
Insurance indemnities	21,427,834	20,700,400	22,496,300
Adjustment for prior crop years	-21,179	-	-
Provision for estimated bad debts	194,000	212,200	250,000
Total deductions from capital	21,600,655	20,912,600	22,746,300
Net capital at end of year.....	$28,393,237	$28,895,970	$31,345,570

The crop insurance programs are developed and analyzed in the headquarters office and are administered in the field through 33 State offices and through cooperative agreements with the Production and Marketing Administration. Program accounting and contract servicing functions are performed by a Branch Office in Chicago. As of November 30, 1952 the Corporation employed 544 full-time employees, 128 of whom were in Washington and the balance in the field; and 577 part-time employees, of whom 2 were in Washington and the balance in the field. The 2 Washington part-time employees are Board Members who are not otherwise employed by the Government.

	Appropriated 1953	Revised Budget Estimate, 1954
Appropriated funds (Operating expenses)	$8,500,000	$7,350,000

Operating and Administrative Expenses

Appropriation Act, 1953	$8,500,000
Budget Estimate, 1954	7,350,000
Decrease	-1,150,000

SUMMARY OF DECREASES, 1954

Decrease for servicing, collecting premiums, inspecting growing crops and adjusting losses	-19,530
Decrease in developmental, introductory and sales cost	-78,270
Decrease representing savings accompolished in fiscal year 1953, primarily resulting from fewer number of crop year 1952 contracts requiring servicing in the fiscal year 1953 .	-1,052,200

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
1. Insurance and actuarial structure	$794,229	$842,670	-39,170(1)	$803,500
2. Contract sales and servicing	2,446,009	2,979,180	-296,380(2)	2,682,800
3. Commissions	347,268	642,600	-39,100(3)	603,500
4. Premium Collections.	538,038	946,450	-36,920(4)	909,530
5. Crop inspections and loss adjustments	1,895,222	2,036,900	+313,770(5)	2,350,670
6. Reserve resulting from fewer number of crop year 1952 contracts requiring servicing in fiscal year 1953 than originally estimated, and other savings	--	*1,052,200	-1,052,200(6)	--
Unobligated balance ...	1,929,145	--	--	--
Total appropriation or estimate	7,949,911	8,500,000	-1,150,000	7,350,000

*This amount was transferred to "Eradication of foot-and-mouth and other contagious diseases of animals and poultry, Agricultural Research Administration", pursuant to Public Law 451, approved July 5, 1952, for the control and eradication of an outbreak of vesicular exanthema, in connection with which an emergency was declared by the Secretary of Agriculture on August 1, 1952.

INCREASES AND DECREASES

General

Insurance to protect investment in production is a soundly estabilished business principle. Insurance recovery of investment losses from damage such as fire and flood enables the manufacturer to rebuild and continue his contribution to the Nation's production plant. In 1951, the floods that did such extensive damage in the Midwest, the drought conditions in several of the major winter wheat areas which destroyed many wheat crops, and the freeze damage in many corn counties emphasized the farmer's need for crop investment protection and its value in maintaining his contribution to production capacity when crop disasters strike. Again in 1952, widespread destruction from drought conditions endangered the investments farmers had made in their crops. Those farmers having crop insurance at least were assured of the return of their investment. Some of the others have had to look for some form of emergency financing. These are the more obvious examples of destruction that wipe out the money spent by farmers in an effort to produce the nation's food and fiber. Even in the best production years, many farmers in every state lose their crop investments due to weather, disease, and insect risks beyond their control.

All-risk crop investment insurance strengthens the nation's farm production plant by providing security for the farmers who are hurt the most -- those who lose their crops through no fault of their own. The effect of crop disasters on total farm production is clearly recognized in the form of food and fiber shortages that result. Its effect on the nation's agricultural production capacity is not so well recognized. Loss of money spent to produce crops seriously curtails the ability of many farmers to maintain or expand their production, and two years of poor crops would force many of them entirely out of the farm production picture.

Wherever crop investment insurance is available, farmers can maintain their operations with the assurance that their increased investments in high production costs will not be lost through crop disasters over which they have no control. To meet the nation's production needs, farmers frequently must borrow capital to continue their operations. Crop investment insurance provides security to both the farmer and the creditor who are responding to production demands. Crop year 1953 operations in 922 counties will provide insurance protection of approximately $412,818,000 in crop investments for an estimated 405,000 farmers. It is proposed to extend the insurance program in crop year 1954 to approximately 15,000 additional farmers making a total of 420,000. These farmers will be able to secure crop investment protection amounting to about $428,680,000.

The net decrease of $1,150,000 for the crop insurance program for fiscal year 1954 is composed of the following:

(Revised)

(1) Decrease of $39,170 under the project "Insurance and Actuarial Structure".

Development of Program and Actuarial Structure is a Continuous Process: County advisory groups, farmers, and businessmen are contacted to ascertain the type of insurance program desired and to discuss the benefits resulting to the economy of the County. Program and actuarial work do not end with the formulation and installation of a county insurance program. A vital phase of the insurance operation then begins. This phase covers a continuous review of operating results to develop statistics and program data. This activity is especially important to all-risk crop insurance since the reviews, analyses, and studies of actuarial and operating data form the bases for the development and achievement of the long range goal of crop insurance -- a sound national insurance program protecting the crop investment of all farmers.

Survey work on a Contractual Basis: Much of the work in connection with the development of an actuarial structure is of a contractual nature to furnish (1) county surveys that will enable the Corporation to establish rates and coverages commensurate with the risk involved and (2) adequate cost of production and farming practice data in order to avoid offering insurance coverage in excess of the farmer's investment in the crop.

The contracts for county survey work are made with the PMA County Committees. These contracts call for a complete review of all the land in the county to classify the areas according to productivity and the production risks involved. The area classifications worked out, including uninsurable lands, are then diagramed on actuarial maps which are used in setting coverages, premium rates, and later, in making sales. In addition to the land study and mapping, the contract provides that the Corporation will be furnished a list of producers considered ineligible for insurance because they use unacceptable farming practices or are bad credit risks. Such surveys are made for all new counties coming into the program to replace counties dropping out, and also include periodic reworking of assembled data on counties already in the program. The cost of these contracts varies by commodity and geographical size of county but average about $250. Survey and reworking on a contractual basis will be performed in about 40 counties for 1954.

The Corporation must have continuing information on changes in production costs and farming practices in each county in order to reflect the proper insurance liability in its coverages and premium rates. Contracts for this information are made with other governmental agencies. A contract has been negotiated for the continuing data for the 922 current counties and will cost $141,400 for 1953. However, for 1954 this service will cost only $121,400 as a result of accumulated statistics that can be used to effect a savings on this item.

In addition, the Corporation maintains a field underwriting staff to supervise county underwriting activities. There are eight underwriting areas supervised by one or two actuaries depending upon the number of insurance counties and commodities in each area.

The estimated workload and cost are as follows:

Insurance and actuarial Structure

Activity	Fiscal Year 1953		Fiscal Year 1954		Increase (+) or Decrease (-)
	Number of Counties	Cost	Number of Counties	Cost	
1. County survey work	50	$12,000	40	$10,000	-$2,000
2. Cost of production and farming practice data	922	141,400	922	121,400	-20,000
3. Program development and rate structure	922	689,270	922	672,100	-17,170
Total cost		842,670		803,500	-39,170

(2) Decrease of $296,380 under the project "Contract sales and Servicing" composed of: (a) a decrease of $129,060 to service in 1954 the contracts sold in crop year 1953; (b) a decrease of $3,020 to collect the acreage reports for the contracts in force for crop year 1954; (c) a decrease of $164,300 for county program service fees.

Adequate Servicing Encourages Participation: Continued and increasing participation is essential to building of a satisfactory county insurance program. This can best be achieved by adequately servicing the insurance contracts in force. Servicing involves explaining the insurance program to farmers, effectively answering their inquiries, processing applications, and collecting acreage reports. Without proper servicing, the insureds tend to become discouraged and drop out of the program.

PMA County Committee Personnel Perform Local Sales and Service Work: Sales plans are developed and directed by the Washington and state offices. The program at the county level is conducted by the County Committees on a contractual basis. PMA County Committee personnel conduct the sales campaigns, and transmit applications to the Corporation's state offices. Beginning with the 1953 crop year, each county is designating a county sales manager to achieve a more coordinated and intensive sales campaign. The collection of acreage reports and general servicing of contracts are performed by the PMA County Committees.

State and Branch Offices Service Contracts: Applications forwarded by the County offices are either accepted or rejected by the State Director. If accepted, policies are issued and the applications are forwarded to the Branch Office where premium and indemnity accounts and statistical data are maintained. State and Branch Office servicing functions will be performed for 142,000 new contract holders in fiscal year 1954 (replacements of cancellations plus general increase in participation). Total policies to be serviced are 420,000 which is 15,000 more than the number serviced in 1953.

Servicing Fees Based on Performance: A memorandum of understanding is entered into each year between PMA and the Corporation. This memorandum outlines the services to be performed by the PMA organization on behalf of the Corporation and provides the compensation for such services. These fees are so established as to obtain desired results in certain areas of activity.

1. The county program service fee is to be $600 for the first program and $200 for each additional program in force in the county, and is to provide necessary educational work in the sales campaigns. This effort is to be directed towards a better understanding and cooperation on the part of producers and local business men.

2. The contract carryover fee is to be $1.25 per contract remaining in force, plus $1.25 for each sharecropper in excess of one covered by special sharecropper contracts. There will be about 7,000 sharecroppers in this category for 1954. Many counties already have a large percentage of the farmers participating and are finding it difficult to properly service the insurance in force because of reduced commission income. In many other counties the cancellation rate is too high, which indicates a need for doing a better job of explaining the program to those having insurance contracts. This carryover fee is designed to compensate all counties for the extra effort required to maintain a large continuing contract work base. The carryover rate is far less than the amount required ($4.25 average) to resell a contract.

3. The acreage report collection fee will average $1.15 per contract. Prompt collection of acreage reports is of paramount importance. Premiums and loss claims are based on these reports. There has been too much delay in securing all acreage reports in the past with the result that the final cost, both administrative and capital funds, has been much greater than the amount anticipated. It is believed that an incentive plan similar to that used for the collection of premiums will achieve the desired results. Beginning with the 1954 agreement, it is proposed to have a graduated scale of compensation aiming at 100 per cent performance.

The estimated cost and workload are as follows:

Contract Sales and Servicing

Item	Fiscal Year 1953			Fiscal Year 1954			Increase(+) or Decrease(-)
	Unit Cost	Number	Cost	Unit Cost	Number	Cost	
1. Contractual Costs							
				$200.00	65	$ 13,000	
				600.00	857	514,200	
County programs	$750.00	922	$ 691,500		922	527,200	-$164,300
Carryover contracts	1.25	259,865	324,830	1.25	285,000	356,250	+ 31,420
Acreage reports	1.20	405,000	486,000	1.15	420,000	482,980	- 3,020
Headquarters direction	Lump-sum	1	30,000	Lump-sum	1	20,000	- 10,000
Total Contractual Costs			1,532,330			1,386,430	- 145,900
2. Sales program development and contract servicing costs			1,446,850			1,296,370	- 150,480
Total			2,979,180			2,682,800	- 296,380

(3) A decrease of $39,100 under the Project "Commissions" due to a decrease of 9,200 in the anticipated number of sales for the 1954 crop year. No provision has been made for expansion into new counties in crop year 1954.

Agents Work on a Commission Basis: Sales agents are employed by the PMA County Committees and are paid on a commission basis. Commission costs consist of a $2.00 flat rate plus approximately 3 percent of the premium. These rates vary by county with the average cost being approximately $4.25 which includes the application processing fee.

Anticipated insurance contract sales and statistics by commodity for crop years 1953 and 1954 are as follows:

(Revised)

Sales Summary by Commodity
Crop Year 1953

Commodity	Contracts in force 1952	Carry-over from 1952	Crop Year 1953 Sales: Replacement of Cancellations	Increase in Participation	New Counties	Total	Contracts in force 1953	Number of Counties
Beans ..	9,014	7,400	1,600	1,000	300	2,900	10,300	30
Citrus .	202	--	--	250	--	250	250	1
Corn ...	36,598	27,800	8,800	2,000	3,900	14,700	42,500	108
Cotton..	38,086	21,700	16,400	6,150	4,600	27,150	48,850	109
Flax ...	18,257	14,000	4,300	1,800	--	6,100	20,100	53
Multiple	42,709	31,000	11,800	3,300	4,550	19,650	50,650	113
Tobacco .	76,973	51,300	25,700	4,100	15,750	45,550	96,850	103
Wheat ...	118,847	100,600	18,300	9,400	7,200	34,900	135,500	405
Total	340,686	253,800	86,900	28,000	36,300	151,200	405,000	922

Sales Summary by Commodity
Crop Year 1954

Commodity	Carryover from 1953	Crop Year 1954 Sales: Replacement of Cancellations	Increase in Participation	Total	Contracts in force 1954	Number of Counties
Beans	8,500	1,800	250	2,050	10,550	30
Citrus	--	250	15	265	265	1
Corn	32,300	10,200	1,450	11,650	43,950	108
Cotton	23,400	25,450	1,985	27,435	50,835	109
Flax	15,600	4,500	250	4,750	20,350	53
Multiple	33,300	17,350	2,400	19,750	53,050	113
Tobacco	53,100	43,750	3,900	47,650	100,750	103
Wheat	111,800	23,700	4,750	28,450	140,250	405
Total	278,000	127,000	15,000	142,000	420,000	922

Selling Continuous Contracts Reduces Number of New Sales to be Made. A continuous type of contract is one that once sold remains in force year after year without the necessity of resale. The use of this type of contract: (a) provides better continuity of participation, (b) aids in increasing the participation level and (c) eliminates approximately 70% of the reselling cost. Even though the Corporation is selling continuous type contracts, over 30% have been cancelled each year either by the farmer or by the Corporation because of non-payment of premiums or failure to conform to prescribed farming practices. Since the 1954 program will operate in the same number of counties, the number of sales to be made in 1954 represents 127,000 replacements of cancellations and an increase of 15,000 over the 1953 total contracts in force.

Cancellation and Participation Rates: The Corporation desires to improve its insurance base and operations by including in the program as large a proportion of the eligible farmers as possible. Participation levels now vary from 15 to 31 percent. By selling continuous contracts, the Corporation is able to spend more effort in explaining and selling the program to non-participating farmers and thus increase the county participation levels. The 341,000 contracts in crop year 1952 represents about 21 percent of the potential eligible farmers in counties where insurance was available. It is anticipated that the over-all level of participation will be raised to about 25 percent by 1954.

The cancellation rates from the 1951 crop year and the participation rates for crop year 1952 are as follows:

CANCELLATION RATE - 1951

Commodity	Producer	Corporation	Total	Participation Rate - 1952
Beans	12	5	17	29
Corn	21	3	24	15
Cotton	18	34	52	15
Flax	7	15	22	28
Multiple Crop	21	6	27	17
Tobacco	21	21	42	31
Wheat	11	5	16	23
All Commodities	16	15	31	21

During the fiscal years 1953 and 1954 the Corporation will try to create a better understanding of insurance on the part of those farmers wishing to cancel. Also, more effort will be put forth by PMA County offices to increase understanding and to collect premiums on time. By means of these activities the Corporation will endeavor to hold cancellations to a minimum in 1954.

(4) Net decrease of $36,920 under the project "Premium Collections" composed of: (a) an increase of $23,836 to collect a $3,780,600 increase in premiums in crop year 1953; and (b) a decrease of $60,756 in prior crop year account collection costs.

Larger Volume of Premiums to Collect: The premiums on contracts in force for crop year 1953 will be collected in fiscal year 1954. The expansion of the program in 1953 is estimated to increase the premium collection workload from 340,700 collections in 1953 to 405,000 in 1954. This represents an increase of $3,780,600 in premium income. The 1953 crop year premiums are estimated at $24,995,900 compared to $21,215,300 in 1952.

County Offices and Collectors Receive Premiums: The Corporation contracts with the County Committees to collect premiums on a sliding scale basis. This scale ranges from 50 cents per premium if less than 80 percent of total premiums are collected, to $1.25 per premium if 100 percent are collected. Collection contracts terminate on April 30 of each year. After that date, the Corpor-

ation sends out collectors and, in some cases, must resort to legal action. The average direct cost of collecting current-year premiums is estimated at $1.25 for 1953 and at $1.15 for 1954.

Collection of 34,790 Prior Crop Year Accounts: Exertion of maximum effort does not result in complete collection of premium accounts by June 30. Past experience has shown about 95 per cent collection by June 30 with the major part of the balance being collected in the next fiscal year. It is anticipated that better understanding of the insurance program, more use of the cash discount provision for early payment of premiums, and more prompt action to collect premiums at harvest will materially improve the collection rate in 1953 and 1954. Nevertheless, special collectors and legal action will have to be used in collecting the prior crop year accounts that it is estimated will be outstanding on June 30, 1953. This reflects an estimated reduction of 38,802 in the number of outstanding accounts on June 30, 1952. The smaller number of accounts to collect is reflected in the $60,756 reduction in prior year collection costs projected for 1954.

Field Offices Process and Account for Collections: The Branch Office in Chicago prepares premium notices based on the acreage reports submitted by the insured. After the premiums are collected, they are transmitted to the Branch Office for deposit and credit to the insured's account. Statements of accounts are prepared periodically and sent to the state office for collection of the account. The Branch Office also furnishes certified copies of documents required by the Department of Justice in court actions.

The estimated workload and cost are as follows:

Premium Collections

Servicing Item	Fiscal Year 1953			Fiscal Year 1954			Increase(+) or Decrease(-)
	Number of Accounts	Average Cost	Total Cost	Number of Accounts	Average Cost	Total Cost	
Direct Collection Costs							
1. Contractual, Cost, current year.....	340,700	$ 1.25	$425,875	405,000	$ 1.15	$465,750	+ $39,875
2. Prior crop year collections.....	73,592	1.51	110,836	34,790	1.44	50,080	- 60,756
Total direct costs.....	414,292	1.30	536,711	439,790	1.17	515,830	- 20,881
State, Branch and Headquarters Servicing Costs.....	414,292	.99	409,739	439,790	.90	393,700	- 16,039
Total costs	414,292	2.29	946,450	439,790	2.07	909,530	- 36,920

(5) An increase of $313,770 in the project "Crop inspection and loss adjustments" to service a 64,000 increase in contract workload.

Increased Inspection and Loss Adjustment Services Required by Larger Volume of Contracts: The Corporation performs crop inspection and loss adjustment services for most contracts in force. These services for the contracts in force in crop year 1953 will be performed in the main in the 1954 fiscal year. The 1954 workload is estimated to be 405,000, an increase of 64 000 over 1953. The estimate of $2,350,670 for this activity is based on an average cost per contract of $5.80 for 1954, compared with an estimated $5.97 for 1953 (see table below). However, if the loss adjustment workload exceeds that of an average crop year (the base on which the average cost per contract has been projected) additional funds will be needed.

Crop Insurance Agents Perform Local Work: Crop inspection and loss adjustment activities are performed by loss adjustment personnel employed by the Corporation on an intermittent basis. In addition to the final adjustment of actual losses, these activities cover early losses which require inspection by an agent even though it often develops after harvest that production is sufficient to make payment of an indemnity unnecessary. In other cases loss claims submitted by farmers do not develop into insured losses under the contract after a check by an agent. The Corporation also requires inspection of growing crops to check conformance with approved farming practices.

Claims Involve Much Service Work: Loss claim and inspection reports are submitted to the state director by the loss adjuster. After a thorough review of the claim, the director either approves or rejects the claim or requests additional information. This may involve considerable personal contact or letter writing. Approved claims are sent to the Branch Office where they are checked against the contract provisions and, if found in order, are paid.

Occasionally fraudulent claims are paid which require more work in securing refunds. Sometimes legal action is necessary. Also, there are problem cases which are forwarded to the Washington office for settlement. The Washington office also makes spot checks of loss adjustments, conducts special investigations, and handles cases involving litigation.

The estimated workload and cost are as follows:

Crop Inspections and Loss Adjustments

Servicing Item	Fiscal Year 1953 Number of Contracts	Fiscal Year 1953 Average Cost	Fiscal Year 1953 Total Cost	Fiscal Year 1954 Number of Contracts	Fiscal Year 1954 Average Cost	Fiscal Year 1954 Total Cost	Increase(+) or Decrease(-)
Direct inspection and loss work . . .	340,700	$3.18	$1,085,029	405,000	$3.13	$1,267,650	+ $182,621
State, Branch, and Headquarters servicing case work	340,700	2.79	951,871	405,000	2.67	1,083,020	+ 131,149
Total cost	340,700	5.97	2,036,900	405,000	5.80	2,350,670	+ 313,770

(6) Decrease of $1,052,200 resulting from fewer number of crop year 1952 contracts requiring servicing in the fiscal year 1953 than originally estimated, and other savings.

The need for servicing fewer contracts in 1953 than originally anticipated resulted in a saving of $552,000. The additional $500,000 represented miscellaneous savings comprised mainly of reductions in anticipated personnel costs and contract service fees.

FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation was created February 16, 1938, to furnish protection for the farmer's investment in producing crops against loss from unavoidable causes (7 U.S.C. 1501-1519). It is part of the general program of the United States Department of Agriculture administered for the benefit of agriculture, and promotes the National welfare by improving the economic stability of agriculture through a sound system of insurance protection.

The main objective of the crop insurance program is to provide farmers with a measure of financial security against production risks which cause unavoidable loss from such causes as drought, flood, hail, wind, frost, winter-kill, lightning, fire, excessive rain, snow, wildlife, hurricane, tornado, insect infestation, and plant disease.

It has been necessary in past years of widespread catastrophe for the Government to furnish financial assistance to stricken farmers in order to sustain this important phase of the national economy and to aid the farmers in maintaining their operations. Through the medium of crop insurance a well regulated plan is in effect in the important producing areas whereby farmers, through systematic savings in good years, accumulate a reserve for such catastrophes. Consequently the demand for public funds for the alleviation of their financial condition is lessened when an insurance reserve is available to draw on.

In accordance with the established policy of gradual expansion, the 1953 crop insurance program is being offered in 937 counties on wheat, cotton, flax, corn, tobacco, beans, citrus, and multiple crops. It is estimated that 423,000 farmers will be insured, an increase of about 82,000 over 1952. Under current legislation expansion to new counties is not provided for the 1954 crop year. However, it is estimated that for the 1954 crop year there will be 438,000 contracts in force, or a net increase of 15,000 over the 1953 program.

Summary of Insurance Operations and Changes in Capital

	Fiscal Years		
	1952	1953	1954
Net Capital at beginning of year	$30,700,254	$28,393,237	$29,145,037
Additions to capital during during the year:			
Insurance premiums (net)...	19,106,859	21,279,500	25,816,300
Interest and other income .	186,779	200,000	200,000
Total capital available for insurance operations during year	$49,993,892	$49,872,737	$55,161,337

Deductions from capital during the year:			
Insurance indemnities ...	21,427,834	20,514,900	23,234,600
Adjustment for prior crop years	-21,179	-	-
Provision for estimated bad debts	194,000	212,800	258,100
Total deductions from capital	21,600,655	20,727,700	23,492,700
Net capital at end of year	$28,393,237	$29,145,037	$31,668,637

The crop insurance programs are developed and analyzed in the headquarters office and are administered in the field through 33 state offices and through cooperative agreements with the Production and Marketing Administration. Program accounting and contract servicing functions are performed by a Branch Office in Chicago. As of November 30, 1952 the Corporation employed 544 full-time employees, 128 of whom were in Washington and the balance in the field; and 577 part-time employees, of whom 2 were in Washington and the balance in the field. The 2 Washington part-time employees are Board Members who are not otherwise employed by the Government.

	Appropriated, 1953	Budget Estimate, 1954
Appropriated funds (Operating expenses)	$8,500,000	$7,948,000

Operating and Administrative Expenses

Appropriation Act, 1953	$8,500,000
Budget Estimate, 1954	7,948,000
Decrease	-552,000

SUMMARY OF INCREASES AND DECREASES, 1954

For servicing, collecting premiums, inspecting growing crops and adjusting losses on an estimated 82,000 additional contracts in the crop year 1953	+275,725
Decrease in developmental, introductory and sales costs	-275,525
Decrease resulting from fewer number of crop year 1952 contracts requiring servicing in the fiscal year 1953	-552,200

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 (estimated)
1. Insurance and actuarial structure	$794,229	$959,700	-$115,300(1)	$844,400
2. Contract sales and servicing	2,446,009	3,060,375	+74,225(2)	3,134,600
3. Commissions ...	347,268	763,725	-160,225(3)	603,500
4. Premium collections	538,038	924,000	+1,000(4)	925,000
5. Crop inspections and loss adjustments	1,895,222	2,240,000	+200,500(5)	2,440,500
6. Reserve resulting from fewer Number of crop year 1952 contracts requiring servicing in fiscal year 1953 than originally estimated	- -	*552,200	-552,200(6)	- -
Unobligated balance	1,929,145	- -	- -	- -
Total appropriation or estimate	7,949,911	8,500,000	-552,000	7,948,000

*This amount was transferred to "Eradication of foot-and-mouth and other contagious diseases of animals and poultry, Agricultural Research Administration", pursuant to Public Law 451, approved July 5, 1952, for the control and eradication of an outbreak of vesicular exanthema, in connection with which an emergency was declared by the Secretary of Agriculture on August 1, 1952.

INCREASES AND DECREASES

General

Insurance to protect investment in production is a soundly established business principle. Insurance recovery of investment losses from damage such as fire and flood enables the manufacturer to rebuild and continue his contribution to the Nation's production plant. In 1951, the floods that did such estensive damage in the Midwest, the drought conditions in several of the major winter wheat areas which destroyed many wheat crops, and the freeze damage in many corn counties emphasized the farmer's need for crop investment protection and its value in maintaining his contribution to production capacity when crop disasters strike. Again in 1952, widespread destruction from drought conditions endangered the investments farmers had made in their crops. Those farmers having crop insurance at least were assured of the return of their investment. Some of the others have had to look for some form of emergency financing. These are the more obvious examples of destruction that wipe out the money spent by farmers in an effort to produce the nation's food and fiber. Even in the best production years, many farmers in every state lose their crop investments due to weather, disease, and insect risks beyond their control.

All-risk crop investment insurance strengthens the nation's farm production plant by providing security for the farmers who are hurt the most -- those who lose their crops through no fault of their own. The effect of crop disasters on total farm production is clearly recognized in the form of food and fiber shortages that result. Its effect on the nation's agricultural production capacity is not so well recognized. Loss of money spent to produce crops seriously curtails the ability of many farmers to maintain or expand their production and two years of poor crops would force many of them entirely out of the farm production picture.

Wherever crop investment insurance is available, farmers can respond to a high level of production with the assurance that their increased investments in high production costs would not be lost through crop disasters over which they have no control. To meet the nation's production needs farmers must increase their production risks by extending their production areas and by using additional capital which in many cases can only be acquired through credit. Crop investment insurance provides security to both the farmer and the creditor who are responding to production demands. Crop year 1953 operations in 937 counties will provide insurance protection of approximately $422,731,000 in crop investments for an estimated 423,000 farmers. It is proposed to extend the insurance program in crop year 1954 to approximately 15,000 additional farmers making a total of 438,000. These farmers will be able to secure crop investment protection amounting to about $439,000,000.

The net decrease of $552,000 for the crop insurance program for fiscal year 1954 is composed of the following:

(1) Decrease of $115,300 under the project "Insurance and Actuarial Structure".

Development of Program and Actuarial Structure is a Continuous Process:
County advisory groups, farmers, and businessmen are contacted to ascertain the type of insurance program desired and to discuss the benefits resulting to the economy of the county. Program and actuarial work do not end with the formulation and installation of a county insurance program. A vital phase of the insurance operation then begins. This phase covers a continuous review of operating results to develop statistics and program data. This activity is especially important to all-risk crop insurance since the reviews, analyses, and studies of actuarial and operating data form the bases for the development and achievement of the long range goal of crop insurance -- a sound national insurance program protecting the crop investment of all farmers.

Survey Work on a Contractual Basis: Much of the work in connection with the development of an actuarial structure is of a contractual nature to furnish (1) county surveys that will enable the Corporation to establish rates and coverages commensurate with the risk involved and (2) adequate cost of production and farming practice data in order to avoid offering insurance coverage in excess of the farmer's investment in the crop.

The contracts for county survey work are made with the PMA County Committees. These contracts call for a complete review of all the land in the county to classify the areas according to productivity and the production risks involved. The area classifications worked out, including uninsurable lands, are then diagramed on actuarial maps which are used in setting coverages, premium rates, and later, in making sales. In addition to the land study and mapping, the contract provides that the Corporation will be furnished a list of producers considered ineligible for insurance because they use unacceptable farming practices or are bad credit risks. Such surveys are made for all new counties coming into the program to replace counties dropping out and also include periodic reworking of assembled data on counties already in the program. The cost of these contracts varies by commodity and geographical size of county but averaged about $250. Survey and reworking on a contractual basis will be performed in about 60 counties for 1954. Much of this work is being taken over by Corporation employees who specialize in actuarial work. This work is coordinated with other activities and consequently has resulted in a considerable saving in this phase of the program.

The Corporation must have continuing information on changes in production costs and farming practices in each county in order to reflect the proper insurance liability in its coverages and premium rates. Contracts for this information are made with other governmental agencies. A contract has been negotiated for the continuing data for the

937 current counties and will cost $141,400 for 1953. However, for 1954 this service will cost only $121,400 as a result of accumulated statistics that can be used to effect a savings on this item.

In addition, the Corporation maintains a field underwriting staff to supervise county underwriting activities. There are eight underwriting areas supervised by one or two actuaries depending upon the number of insurance counties and commodities in each area.

The estimated workload and cost are as follows:

Insurance and Actuarial Structure

Activity	Fiscal Year 1953		Fiscal Year 1954		Increase(-) or Decrease(-)
	Number of Counties	Cost	Number of Counties	Cost	
1. County survey work	260	$65,000	60	$15,000	- $50,000
2. Cost of production and farming practice data	937	141,400	937	121,400	- 20,000
3. Program development and rate structure	937	753,300	937	708,000	- 45,300
Total cost		959,700		844,400	- 115,300

(2) Increase of $74,225 under the project "Contract Sales and Servicing" composed of: (a) an increase of $55,475 to service in 1954 the 82,000 additional contracts to be sold in the 861 current counties and 76 new counties in crop year 1953; (b) an increase of $18,750 to collect the acreage reports for the 15,000 contract increase in crop year 1954.

Adequate Servicing Encourages Participation: Continued and increasing participation is essential to building of a satisfactory county insurance program. This can best be achieved by adequately servicing the insurance contracts in force. Servicing involves explaining the insurance program to farmers, effectively answering their inquiries, processing applications, and collecting acreage reports. Without proper servicing, the insureds tend to become discouraged and drop out of the program.

PMA County Committee Personnel Perform Local Sales and Service Work: Sales plans are developed and directed by the Washington and state offices. The program at the county level is conducted by the County Committees on a contractual basis. PMA County Committee personnel conduct the sales campaigns, and transmit applications to the Corporation's state offices. Beginning with the 1953 crop year, each county is designating a county sales manager to achieve a more coordinated and intensive sales campaign. The collection of acreage reports and general servicing of contracts are performed by the PMA County Committees.

State and Branch Offices Service Contracts: Applications forwarded by the County offices are either accepted or rejected by the State Director. If accepted, policies are issued and the applications are forwarded to the Branch Office where premium and indemnity accounts and statistical data are maintained. State and Branch Office servicing functions will be performed for 142,000 new contract holders in fiscal year 1954 (replacements of cancellations plus general increase in participation). Total policies to be serviced are 438,000 which is 15,000 more than the number serviced in 1953.

Servicing Fees Based on Performance: A memorandum of understanding is entered into each year between PMA and the Corporation. This memorandum outlines the services to be performed by the PMA organization on behalf of the Corporation and provides the compensation for such services. These fees are so established as to obtain desired results in certain areas of activity.

1. The county program service fee is to be $750, to provide necessary educational work in the sales campaigns. This effort is to be directed towards a better understanding and cooperation on the part of producers and local business men.

2. The contract carryover fee is to be $1.25 per contract remaining in force. Many counties already have a large percentage of the farmers participating and are finding it difficult to properly service the insurance in force because of reduced commission income. In many other counties the cancellation rate is too high, which indicates a need for doing a better job of explaining the program to those having insurance contracts. This carryover fee is designed to compensate all counties for the extra effort required to maintain a large continuing contract work base. The carryover rate is far less than the amount required ($4.25 average) to resell a contract.

3. The acreage report collection fee will average $1.25 per contract. Prompt collection of acreage reports is of paramount importance. Premiums and loss claims are based on these reports. There has been too much delay in securing all acreage reports in the past with the result that the final cost, both administrative and capital funds, has been much greater than the amount anticipated. It is believed that an incentive plan similar to that used for the collection of premiums will achieve the desired results. Beginning with the 1954 agreement, it is proposed to have a graduated scale of compensation aiming at 100 per cent performance.

The estimated cost and workload are as follows:

Contract Sales and Servicing

Item	Fiscal Year 1953 Unit Cost	Fiscal Year 1953 Number	Fiscal Year 1953 Cost	Fiscal Year 1954 Unit Cost	Fiscal Year 1954 Number	Fiscal Year 1954 Cost	Increase(+) or Decrease(-)
1. Contractual Costs:							
County programs	$750.00	937	$702,750	$750.00	937	$702,750	- -
Carryover contracts ..	1.25	243,300	304,125	1.25	296,000	370,000	+65,875
Acreage reports	1.25	423,000	528,750	1.25	438,000	547,500	+18,750
Headquarters direction .	Lump-sum	1	30,000	Lump-sum	1	30,000	- -
Total Contractual costs			1,565,625			1,650,250	+84,625
2. Sales program development and contract servicing costs			1,494,750			1,484,350	-10,400
Total			3,060,375			3,134,600	+74,225

(3) A decrease of $160,225 under the Project "Commissions" due to a decrease of 37,700 in the anticipated number of sales for the 1954 crop year. No provision has been made for expansion into new counties in crop year 1954.

Agents Work on a Commission Basis: Sales agents are employed by the PMA County Committees and are paid on a commission basis. Commission costs consist of a $2.00 flat rate plus approximately 3 percent of the premium. These rates vary by county with the average cost being approximately $4.25 which includes the application processing fee.

Anticipated insurance contract sales and statistics by commodity for crop years 1953 and 1954 are as follows:

Sales Summary by Commodity
Crop Year 1953

Commodity	Contracts in force 1952	Carry-over from 1952	Crop Year 1953 Sales: Replacement of Cancellations	Increase in Participation	New Counties	Total	Contracts in force 1953	No. of Counties
Beans ..	9,014	7,400	1,600	1,000	900	3,500	10,900	31
Citrus .	202	- -	- -	250	250	500	500	2
Corn ...	36,598	27,800	8,800	3,800	4,600	17,200	45,000	109
Cotton .	38,086	18,200	19,900	11,400	4,600	35,900	54,100	110
Flax ...	18,257	14,000	4,300	2,100	- -	6,400	20,400	53
Multiple	42,709	31,000	11,800	5,900	4,300	22,000	53,000	122
Tobacco	76,973	44,300	32,700	7,100	19,500	59,300	103,600	103
Wheat .	113,847	100,600	18,300	6,900	9,700	34,900	135,500	407
Total .	340,686	243,300	97,400	38,450	43,850	179,700	423,000	937

Sales Summary by Commodity
Crop Year 1954

Commodity	Carryover from 1953	Crop Year 1954 Sales: Replacement of Cancellations	Increase in Participation	Total	Contracts in force 1954	Number of Counties
Beans	8,900	2,000	250	2,250	11,150	31
Citrus	- -	500	15	515	515	2
Corn	33,800	11,200	1,450	12,650	46,450	109
Cotton	25,600	28,600	1,985	30,585	56,185	110
Flax	15,700	4,400	250	4,650	20,350	53
Multiple	38,300	14,700	2,400	17,100	55,400	122
Tobacco	59,600	44,100	3,900	48,000	107,600	103
Wheat	114,100	21,500	4,750	26,250	140,350	407
Total	296,000	127,000	15,000	142,000	438,000	937

Selling Continuous Contracts Reduces Number of New Sales to be Made. A continuous type of contract is one that once sold remains in force year after year without the necessity of resale. The use of this type of contract: (a) provides better continuity of participation, (b) aids in increasing the participation level and (c) eliminates approximately 70% of the reselling cost. Even though the Corporation is selling continuous type contracts, over 30% have been cancelled each year either by the farmer or by the Corporation because of nonpayment of premiums or failure to conform to prescribed farming practices. Since the 1954 program will operate in the same number of counties, 937, as in 1953, the number of sales to be made in 1954 represents 127,000 replacements of cancellations and an increase of 15,000 over the 1953 total contracts in force.

Cancellation and Participation Rates: The Corporation desires to improve its insurance base and operations by including in the program as large a proportion of the eligible farmers as possible. Participation levels now vary from 15 to 31 percent. By selling continuous contracts, the Corporation is able to spend more effort in explaining and selling the program to non-participating farmers and thus increase the county participation levels. The 341,000 contracts in crop year 1952 represents about 21 percent of the potential eligible farmers in the 861 counties of the current program. It is anticipated that the over-all level of participation will be raised to about 25 percent by 1954.

The cancellation rates from the 1951 crop year and the participation rates for crop year 1952 are as follows:

CANCELLATION RATE - 1951

Commodity	Producer	Corporation	Total	Participation Rate - 1952
Beans	12	5	17	29
Corn	21	3	24	15
Cotton	18	34	52	15
Flax	7	15	22	28
Multiple Crop	21	6	27	17
Tobacco	21	21	42	31
Wheat	11	5	16	23
All Commodities	16	15	31	21

During the fiscal years 1953 and 1954 the Corporation will try to create a better understanding of insurance on the part of those farmers wishing to cancel. Also, more effort will be put forth by PMA County offices to increase understanding and to collect premiums on time. By means of these activities the Corporation will endeavor to hold cancellations to a minimum during 1953 and 1954.

(4) Net increase of $1,000 under the project "Premium Collections" composed of: (a) an increase of $60,900 to collect a $4,536,500 increase in premiums in crop year 1953; and (b) a decrease of $59,900 in prior crop year account collection costs.

Larger Volume of Premiums to Collect: The premiums on contracts in force for crop year 1953 will be collected in fiscal year 1954. The expansion of the program in 1953 is estimated to increase the premium collection workload from 340,700 collections in 1953 to 423,000 in 1954. This represents an increase of $4,536,500 in premium income. The 1953 crop year premiums are estimates at $25,816,000 compared to $21,279,500 in 1952.

County Offices and Collectors Receive Premiums: The Corporation contracts with the County Committees to collect premiums on a sliding scale basis. This scale ranges from 50 cents per premium if less than 80 per cent of total premiums are collected to $1,25 per premium if 100 per cent are collected. Collection contracts terminate on April 30 of each year. After that date, the Corpor-

ation sends out collectors and, in some cases, must resort to legal action. The average direct cost of collecting current-year premiums is estimated at $1.25 for 1953 and at $1.15 for 1954.

Collection of 34,790 Prior Crop Year Accounts: Exertion of maximum effort does not result in complete collection of premium accounts by June 30. Past experience has shown about 95 per cent collection by June 30 with the major part of the balance being collected in the next fiscal year. It is anticipated that better understanding of the insurance program, more use of the cash discount provision for early payment of premiums, and more prompt action to collect premiums at harvest will materially improve the collection rate in 1953 and 1954. Nevertheless, special collectors and legal action will have to be used in collecting the prior crop year accounts that it is estimated will be outstanding on June 30, 1953. This reflects and estimated reduction of 38,802 in the number of outstanding accounts on June 30, 1952. The smaller number of accounts to collect is reflected in the $59,900 reduction in prior year collection costs projected for 1954.

Field Offices Process and Account for Collections: The Branch Office in Chicago prepared premium notices based on the acreage reports submitted by the insured. After the premiums are collected, they are transmitted to the Branch Office for deposit and credit to the insured's account. Statements of accounts are prepared periodically and sent to the state office for collection of the account. The Branch Office also furnishes certified copies of documents required by the Department of Justice in court actions.

The estimated workload and cost are as follows:

Premium Collections

Servicing Item	Fiscal Year 1953			Fiscal Year 1954			Increase(+) or Decrease(-)
	Number of Accounts	Average Cost	Total Cost	Number of Accounts	Average Cost	Total Cost	
Direct Collection Costs							
1. Contractual cost, current year ...	340,700	$1.25	$425,850	423,000	$1.15	$486,450	+$60,600
2. Prior crop year collections	73,592	1.50	110,000	34,790	1.44	50,100	- 59,900
Total direct costs	414,292	1.29	535,850	457,790	1.17	536,550	+ 700
State, Branch and Headquarters Servicing Costs ..	414,292	.94	388,150	457,790	.85	388,450	+ 300
Total costs	414,292	2.23	924,000	457,790	2.02	925,000	+ 1,000

(5) An increase of $200,500 in the project "Crop inspection and loss adjustments" to service an 82,000 increase in contract workload.

Increased Inspection and Loss Adjustment Services Required by Larger Volume of Contracts: The Corporation performs crop inspection and loss adjustment services for most contracts in force. These services for the contracts in force in crop year 1953 will be performed in the main in the 1954 fiscal year. The 1954 workload is estimated to be 423,000, an increase of 82,000 over 1953. The estimate of $2,440,500 for this activity is based on an average cost per contract of $5.77 for 1954, compared with an estimated $6.57 for 1953 (see table below). However, if the loss adjustment workload exceeds that of an average crop year (the base on which the average cost per contract has been projected) additional funds would be needed.

Crop Insurance Agents Perform Local Work: Crop inspection and loss adjustment activities are performed by loss adjustment personnel employed by the Corporation on an intermittent basis. In addition to the final adjustment of actual losses, these activities cover early losses which require inspection by an agent even though it often develops after harvest that production is sufficient to make payment of an indemnity unnecessary. In other cases loss claims submitted by farmers do not develop into insured losses under the contract after a check by an agent. The Corporation also requires inspection of growing crops to check conformance with approved farming practices.

Claims Involve Much Service Work: Loss claim and inspection reports are submitted to the state director by the loss adjuster. After a thorough review of the claim, the director either approves or rejects the claim or requests additional information. This may involve considerable personal contact or letter writing. Approved claims are sent to the Branch Office where they are checked against the contract provisions and, if found in order, are paid.

Occasionally fradulent claims are paid which require more work in securing refunds. Sometimes legal action is necessary. Also, there are problem cases which are forwarded to the Washington office for settlement. The Washington office also makes spot checks of loss adjustments, conducts special investigations, and handles cases involving litigation.

The estimated workload and cost are as follows:

Crop Inspections and Loss Adjustments

Servicing Item	Fiscal Year 1953			Fiscal Year 1954			Increase(+) or Decrease(-)
	Number of Contracts	Average Cost	Total Cost	Number of Contracts	Average Cost	Total Cost	
Direct inspection and loss work ...	340,700	$3.55	$1,209,800	423,000	$3.13	$1,323,620	+$113,820
State, Branch, and Headquarters servicing case work	340,700	3.02	1,030,200	423,000	2.64	1,116,880	+ 86,680
Total cost	340,700	6.57	2,240,000	423,000	5.77	2,440,500	+ 200,500

(6) Decrease of $552,200 resulting from fewer number of crop year 1952 contracts requiring servicing in the fiscal year 1953 than originally estimated.

STATUS OF PROGRAM

There will be no major changes in the crop insurance program for crop year 1953. Operating efforts are being directed towards increasing participation in the present counties, extending the program to 76 additional counties (or a total of 937 counties, as contemplated in the 1953 Budget Estimate) improving administration, and reviewing and analyzing the results of changes already instituted. A few of the changes that have been made, but for which it is still too early to make proper evaluation, are:

1. Introduction of the sharecropper plan for cotton insurance under which the landlord signs insurance applications for himself and all sharecroppers that may be farming for him. This plan should materially reduce the number of contract cancellations, facilitate the collection of premiums, and generally improve administration. This plan was first introduced in crop year 1952 so the results are inconclusive. This plan will also be tried experimentally in a few tobacco counties beginning with crop year 1953.

2. Use of a system of preplanning under which county and state administrators develop presales campaign goals. Review of these goals is enabling operating officials to find "weak spots" and make plans to bolster the sales effort.

3. Development and use of one type of insurance contract, continuous procedure, and forms that can be used for all commodities have effected savings and have simplified and improved administration as well.

Premium Collection Program Progress: For the convenience of the farmer, the insurance act permits payment of premium after harvest. This creates some problem of administration because the premium comes due after the risk has passed. Premiums are collected by the PMA County Offices up through April 30 for the preceding crop year. After that date special collectors are used and in many cases legal action is taken through the Office of the Solicitor and the Department of Justice. The June 30, 1952 status of past due premiums by crop years together with percentages uncollected as of June 30 for the last three years indicate comparatively satisfactory progress as follows:

Outstanding Accounts

Crop Year	Number	Amount	Percent Uncollected as of June 30		
			1952	1951	1950
1942-3	3,814	$ 141,267	.4	.5	.6
1945	2,964	93,169	1.0	1.2	1.3
1946	4,998	350,857	1.1	1.3	1.5
1947	17,697	1,306,345	3.2	3.8	4.4
1948	3,407	173,844	1.4	1.8	2.7
1949	3,919	155,764	1.4	2.1	5.5
1950	10,188	281,343	2.0	4.9	-
1951	19,868	859,497	4.4	-	-

Program Operating Statistics: There follows statistical data by commodities for the first five crop years under the new experimental program authorized by P. L. 268, 81st Congress, approved August 25, 1949. The data on the 1952 crop year are estimated.

Beans

Item	Crop Year 1948	1949	1950	1951	1952
Number of states	4	6	8	8	8
Number of counties	4	9	18	28	30
Number of contracts	1,444	2,909	5,138	9,457	9,014
Percentage of eligible farmers insured	26	29	20	31	30
Number of indemnities	76	323	1,070	1,554	922
Premiums	$32,396	$94,943	$103,426	$193,299	$198,200
Indemnities	$9,339	$61,152	$187,395	$598,027	$139,200
Surplus or deficit (-)	$23,057	$33,791	-$ 83,969	-$404,728	$59,000
Loss ratio	.29	.64	1.81	3.09	.70

Citrus

	Crop Year 1948	1949	1950	1951	1952
Number of states				1	1
Number of counties		(No Program until 1951)		1	1
Number of contracts				290	202
Percentage of eligible farmers insured				17	16
Premiums				$81,614	$56,000
Indemnities				--	$50,400
Surplus or deficit (-)				$81,614	$5,600
Loss ratio				--	.90

Corn

Item	1948	1949	Crop Year 1950	1951	1952
Number of states	13	13	14	14	14
Number of counties	36	44	73	97	99
Number of contracts	14,115	19,607	32,292	37,568	36,598
Percentage of eligible farmers insured	20	19	17	15	15
Number of indemnities	310	548	4,005	8,224	1,691
Premiums	$435,189	$586,690	$740,681	$1,109,956	$1,353,700
Indemnities	$74,398	$95,069	$910,645	$2,566,469	$379,100
Surplus or deficit (-)	$360,791	$491,621	-$169,964	-$1,456,513	$974,600
Loss ratio	.17	.16	1.23	2.31	.28

Cotton

	1948	1949	Crop Year 1950	1951	1952
Number of states	14	13	12	12	12
Number of counties	53	52	80	100	98
Number of contracts	19,479	26,667	63,969	57,715	38,086
Percentage of eligible farmers insured	13	16	29	20	16
Number of indemnities	2,615	9,515	31,245	8,150	6,476
Premiums	$1,410,530	$1,580,299	$1,837,536	$2,699,974	$2,071,200
Indemnities	$605,256	$3,112,719	$5,150,497	$2,213,204	$979,000
Surplus or deficit (-)	$805,274	-$1,532,420	-$3,312,961	$486,770	$1,092,200
Loss ratio	.43	1.97	2.80	.82	.47

Flax

Item	Crop Year 1948	1949	1950	1951	1952
Number of states	6	6	5	4	4
Number of counties	48	48	58	59	59
Number of contracts	16,782	19,267	20,847	19,778	18,257
Percentage of eligible farmers insured	35	40	34	35	28
Number of indemnities	1,931	2,599	1,473	1,860	2,119
Premiums	$1,546,506	$882,223	$496,333	$465,190	$514,400
Indemnities	$795,096	$543,009	$205,289	$226,198	$424,900
Surplus or deficit (-)	$751,410	$339,214	$291,044	$238,992	$89,500
Loss ratio	.51	.62	.41	.49	.83

Multiple Crop

	Crop Year 1948	1949	1950	1951	1952
Number of states	2	5	27	32	32
Number of counties	2	7	55	95	115
Number of contracts	714	2,722	27,725	36,220	42,709
Percentage of eligible farmers insured	16	19	22	17	17
Number of indemnities	11	110	4,062	7,076	9,642
Premiums	$23,766	$136,549	$1,268,456	$1,987,052	$3,049,800
Indemnities	$1,387	$22,099	$1,175,123	$3,235,223	$6,296,600
Surplus or deficit (-)	$22,379	$114,450	$ 93,333	-$1,248,171	-$3,246,800
Loss ratio	.06	.16	.93	1.63	2.06

Item	Tobacco 1948	1949	Crop Year 1950	1951	1952
Number of states	12	12	12	12	12
Number of counties	32	35	52	69	82
Number of contracts	31,605	35,023	71,898	76,426	76,973
Percentage of eligible farmers insured	35	29	46	35	31
Number of indemnities	1,930	3,644	7,688	4,885	12,778
Premiums	$655,422	$740,512	$1,462,120	$1,600,004	$1,573,300
Indemnities	$284,750	$489,000	$886,349	$783,968	$1,390,300
Surplus or deficit (-)	$370,672	$251,512	$575,771	$816,036	$183,000
Loss ratio	.43	.66	.61	.49	.88

	Wheat 1948	1949	Crop Year 1950	1951	1952
Number of states	24	24	24	24	24
Number of counties	200	199	283	352	390
Number of contracts	84,990	58,881	84,816	105,746	118,847
Percentage of eligible farmers insured	37	21	21	22	23
Number of indemnities	9,929	17,822	12,303	27,062	14,433
Premiums	$8,580,359	$7,712,413	$8,394,168	$11,263,599	$12,462,900
Indemnities	$5,009,638	$11,209,170	$4,287,651	$11,738,328	$10,855,400
Surplus or deficit (-)	$3,570,721	-$3,496,757	$4,106,517	-$474,729	$1,607,500
Loss ratio	.58	1.45	.51	1.04	.87

Summary

Item	Crop Year 1948	1949	1950	1951	1952
Number of states	40	40	40	42	43
Number of counties	375	394	519	801	874
Number of contracts	169,129	165,076	306,685	343,210	340,686
Number of indemnities	16,802	34,561	61,846	58,811	48,061
Premiums	$12,684,168	$11,733,629	$14,302,720	$19,400,688	$21,279,500
Indemnities	$6,779,864	$15,532,218	$12,802,949	$21,361,417	$20,514,900
Surplus or deficit (-)	$5,904,304	-$3,798,589	$1,499,771	-$1,960,729	$764,600
Loss ratio	.53	1.32	.90	1.10	.96

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Obligations Under Reimbursements From Governmental and Other Sources:			
Salaries and expenses	$6,675	$1,500	$1,500

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935, to make loans for the extension of central station electric service to unserved rural people. The agency was continued by the Rural Electrification Act approved May 20, 1936, and became a part of the Department of Agriculture, effective July 1, 1939, under Reorganization Plan II. On October 28, 1949, the Rural Electrification Act was amended by Public Law 423, 81st Congress, to authorize REA to make loans for the purpose of furnishing and improving rural telephone service.

Loans for construction of electric and telephone facilities are self-liquidating within a period not to exceed 35 years, and they bear interest at the rate of 2 percent. Loans to finance wiring installations and electrical and plumbing appliances and equipment are also at 2 percent interest but for shorter periods.

In the electrification program, the principal borrowers of this Administration are cooperative associations formed solely for the purpose of making electricity available in rural areas. Borrowers are encouraged to plan area coverage programs for the expeditious extension of central station service to remaining unserved farms and to plan over-all operations and maintenance of facilities to serve the consumers most effectively and assure maximum security for the Government's loan. Full recognition is given to the accumulated experience and sound financial condition of many of the borrowers in encouraging them to develop and carry out their own plans of operation.

In the telephone program, loans are made to both private companies and cooperatives for not to exceed 35 years at 2 percent interest. REA works with the telephone borrowers in developing sound construction and operating policies, and in the development of efficient and economical telephone equipment specifically for rural needs. Considerable time and attention must be devoted to working directly with borrowers who, for the most part, have had little or no past experience in operating efficient up-to-date rural telephone systems. Practically no equipment or material has ever been developed specifically for rural use; rather, it has been an adaptation of equipment and materials developed for urban use. As telephone borrowers acquire more experience, they will be encouraged to assume increasing responsibilities in the operation of their programs and protection of the Government's security in the loans made to them.

The Rural Electrification Administration has no field offices. Relations with the borrowers are maintained through offices in Washington and a staff of full-time field employees working directly with the borrowers.

The Rural Electrification Administration on November 30, 1952, had 1,133 full-time employees, 853 of whom were in Washington departmental service and the balance in the field service.

	Authorization, 1953	Budget Estimate, 1954	Revised
Loan Authorizations:			
Rural Electrification	a/ $50,000,000	~~$135,000,000~~	$95,000,000
Rural Telephone	b/ 35,000,000	~~65,000,000~~	50,000,000
Salaries and expenses	8,287,980	~~9,000,000~~	7,775,000
	93,287,980	~~209,000,000~~	152,775,000

a/ Does not include contingent authorization of $50,000,000.
b/ Includes contingent authorization of $10,000,000 used in 1953.

REVISION OF ACTIVITY SCHEDULE

As a result of a reorganization of the Rural Electrification Administration on July 1, 1952, the 1954 Explanatory Notes include a revision of the activity schedule under "Salaries and Expenses" as follows:

Present	Proposed
1. Loan Analysis and System Development (Electrification) (Telephone)	1. Administration of Rural Electrification Program (a) Loan Activities (b) Engineering Activities (c) Operations Activities (d) Auditing Activities
2. Engineering and Technical Standards (Electrification) (Telephone)	
3. Management Advisory Activities (Electrification) (Telephone)	2. Administration of Rural Telephone Program (a) Loan Activities (b) Engineering Activities (c) Operations Activities (d) Auditing Activities
4. Loan Auditing, Collecting, and Accounting (Electrification) (Telephone)	

Reorganization of REA:

A combination of factors made the reorganization a necessity. REA's staff dropped from 1,296 to 1,112 during fiscal year 1952. Meanwhile, workload in the telephone program continued to develop far ahead of the ability of the available staff to meet it, and a critical need for more expeditious handling of many matters affecting electrification borrowers continued to make itself felt. A change in program emphasis was inevitable as the loan and construction activities of the electrification program declined from the record levels of recent years, causing REA responsibility for loan servicing to assume greater significance in relation to other electrification program activities. Outstanding electrification loans stood at nearly 2 billion dollars on June 30, 1952, with the impact of full debt-service payments due to occur in the years immediately ahead. Finally, a new framework was necessary in order to take full advantage of the growing maturity of electrification borrowers and of possibilities of achieving economies through the transfer of increased responsibilities to these borrowers, and through making the most effective use of available staff by working with borrowers having unusual problems on a highly selective basis. Such an approach gives full recognition to the accumulated experience, sound financial condition, and general stability of great numbers of the electrification borrowers, and to the fact that the number of people employed by the borrowers had increased from less than 9,000 to more than 32,000 since 1941.

The objectives of the reorganization were (1) to provide a framework within which increasing responsibility could be shifted to electrification borrowers on a sound and selective basis; (2) to expedite, coordinate, and simplify REA relations with borrowers; and (3) to make such modifications as were possible in the administration of the electrification program so that more attention could be given to satisfying the growing demands of the telephone program.

Of the 9 divisions under the former organizational structure, the four having direct relations with both electric distribution and telephone borrowers (Applications and Loans, Engineering, Management, and Accounting and Auditing) were abolished. For electric distribution borrowers, these responsibilities were concentrated into a new unit, the Electric Distribution Area Office, of which there is one to service each of 5 geographical areas. The Power Division, formerly responsible for engineering and management functions for power-type borrowers, assumed additional functions in loans and borrowers' accounting activities. Two operating divisions for the telephone program (Telephone Loans and Telephone Engineering) were created. The four staff divisions (Technical Standards, Information Services, Administrative Services, and Personnel), having responsibility in both programs, continued substantially unchanged. A Division of the Controller was established along with two other staff divisions, namely the Operations and Engineering, to serve both programs.

Previously, the telephone program had been administered by divisions which also had responsibility for the electrification program. Under the reorganization, telephone borrowers are able to deal with REA on all matters through either the Telephone Loans Division or Telephone Engineering Division. The Electric Distribution Area Offices provide a single point of contact with distribution borrowers for all matters relating to loans, construction, or operations. The Power Division provides the one point of contact for such matters for power-type borrowers. REA specialists and technicians have been grouped in the staff divisions for maximum effectiveness, and will render advice and assistance to borrowers through the line divisions or area offices.

A new position of General Field Representative was established as the principal point of all field contacts with distribution borrowers. He represents REA in all phases of electric distribution programs, provides the main contact in the field between REA and the electric distribution borrowers, and meets periodically with borrowers in the development of over-all plans in connection with total operations. On the basis of such plans and the needs of the borrower, the General Field Representative determines the requirements for such specialists as the borrower may need from time to time. Thus, REA programs of advice and assistance reache the borrower on a better integrated and more selective basis, borrower contacts with REA are expedited and simplified, and maximum effectiveness and economy are achieved in the administration of the electrification program.

One immediate effect of the reorganization was to reduce staff time devoted to the electrification program from 969 man years in fiscal year 1952 to approximately 843 man years in fiscal year 1953, a reduction of

more than 13 percent. The reorganization has been in effect only a short time. It is still too early to thoroughly appraise the reaction of the borrowers to the changes made and contemplated. Their acceptance of these changes is vital if the economies proposed are to be realized. The task of gaining borrower acceptance of the new approach and refining and perfecting the new type of organization is expected to continue through 1953 and well into 1954.

Revision of the activity schedule: A separate account is maintained for the salaries and expenses of each major organization unit in REA. The distribution of functions to new organization units in the reorganization of REA, as explained above, would not provide for adequate accounting support for the former activity schedule nor did the former schedule provide the most meaningful presentation of the plan of operations under the new organization.

Under the new activity structure, the amounts shown for the various activities in the budget can be taken directly from the accounts in most cases, with a minimum of reliance on distribution of indirect costs.

REVISION OF ACTIVITY SCHEDULE

Salaries and Expenses, Rural Electrification Administration

(Based on amount appropriated for fiscal year 1953 as adjusted for reduction required by Section 411 of the 1953 Department of Agriculture Appropriation Act)

Present Structure		Proposed Structure									
		Financial Project	Subcategories				Financial Project	Subcategories			
Financial Projects	Total Amount	1. Administration of Rural Electrification Program	(a) Loan Activities	(b) Engineering Activities	(c) Operations Activities	(d) Auditing Activities	2. Administration of Rural Telephone Program	(a) Loan Activities	(b) Engineering Activities	(c) Operations Activities	(d) Auditing Activities
1. LOAN ANALYSIS AND SYSTEM DEVELOPMENT...	$1,860,728										
(Electrification)...	(1,034,879)	$1,034,879	$674,836		$ 360,043						
(Telephone).....	(825,849)						$ 825,849	$825,849			
2. ENGINEERING AND TECHNICAL STANDARDS.....	$3,013,019										
(Electrification)...	(2,053,620)	2,053,620		$2,053,620							
(Telephone).....	(959,399)						959,399		$959,399		
3. MANAGEMENT ADVISORY ACTIVITIES	$1,807,260										
(Electrification)...	(1,692,718)	1,692,718			1,692,718						
(Telephone).....	(114,542)						114,542			$114,542	
4. LOAN AUDITING, COLLECTING, AND ACCOUNTING..	$1,606,973										
(Electrification)...	(1,286,048)	1,286,048			566,453	$719,595					
(Telephone).....	(320,925)						320,925			121,368	$199,557
TOTALS UNDER PROPOSED REVISION:	$8,287,980										
(Electrification)...	(6,067,265)	6,067,265	674,836	2,053,620	2,619,214	719,595					
(Telephone)	(2,220,715)						2,220,715	825,849	959,399	235,910	199,557

 (Revised)

(a) Loan Authorizations

Electrification Program

	Loan Authorization	Planned Program
Appropriation Act, 1953 (authorization to borrow from Secretary of the Treasury) a/.	$50,000,000	165,000,000
Revised Budget Estimate, 1954 .. a/	95,000,000	120,000,000
Increase in loan authorization .....b/	+45,000,000	-45,000,000

a/ Excludes contingent authorizations of $50,000,000 in 1953, and $60,000,000 proposed for 1954.

b/ Includes carryover of prior year balances.

Telephone Program

Appropriation Act, 1953 (authorization to borrow from Secretary of the Treasury) ...c/	$35,000,000	c/ 35,476,000
Revised Budget Estimate, 1954	50,000,000	50,000,000
Increase in loan authorization	+15,000,000	+14,524,000

c/ Includes contingent authorization of $10,000,000 used in 1953.

PROJECT STATEMENT
(On the basis of planned loan programs)

Project	1952	1953 (estimated)	Increase or Decrease	Revised 1954 (estimated)
Loans				
1. Rural electrification loans	$165,425,811	$165,000,000	-$45,000,000(1)	$120,000,000
2. Rural telephone program	41,005,718	35,476,000	+14,524,000(2)	50,000,000
Total loans	206,431,529	200,476,000	-30,476,000	170,000,000

INCREASES AND DECREASES

A net decrease of $30,476,000 in loan activities, as follows:

(1) Decrease of $45,000,000 in rural electrification loans: A loan program of $120,000,000 is planned for 1954. A loan program of $165,000,000 is estimated for 1953 consisting of the 1953 authorization of $50,000,000 and use of $115,000,000 from the carryover balance of loan authorizations from fiscal year 1952.

By June 30, 1952, electrification borrowers numbering over 1,000 had extended central station electric service to 3,769,426 farms and other rural consumers. As of the same date, estimates based on the 1950 census indicate that 4,740,849, or 88.1 percent, of all farms in the United States were receiving central station electric service. This contrasts with the 10.9 percent receiving service in 1935 when the program began. Applications on hand and in process of preparation in the field as of March 13, 1953, is indicative of continued large demand for loans.

The status of electrification loan funds for 1952, 1953, and 1954 is shown below:

	Fiscal Year 1952	Fiscal Year 1953	Fiscal Year 1954
Loan Authorization	$100,000,000	$ 50,000,000	$ 95,000,000
Carryover from prior year	182,724,175	117,298,364	32,298,364
Recisions of prior year loans	- -	30,000,000	- -
Amount available for loans	282,724,175	197,298,364	127,298,364
Carryover into subsequent year	-117,298,364	-32,298,364	-7,298,364
Loan program	165,425,811	165,000,000	120,000,000

From 1945 to 1952, power requirements of REA borrowers increased from less than 2 1/2 billion kwh to over 12 billion kwh and it is expected that by 1955 power requirements will exceed 19 billion kwh and much of the increase must be provided through REA loans. As of June 30, 1952, an estimated 971,640 farms and other rural establishments were not yet receiving central station service of which approximately 350,000 are probably not within reach of REA borrowers. Loans approved through June 30, 1952 on which construction had not yet been completed and estimated loans to be made by the end of the fiscal year will provide for the connection of about 354,000 consumers. It is essential that the remaining unelectrified farms and other rural establishments (approximately 267,000) receive central station service as soon as practicable and that the increasing power requirements of all farmers be met.

The loan program of $120,000,000 planned for 1954 will provide for connection of approximately 64,000 additional consumers, for heavying up existing facilities, and for generation and transmission facilities.

Funds loaned to borrowers are advanced only as needed to meet construction, labor and material costs. Electrification funds estimated to be advanced amount to $195,000,000 in 1953 and $170,000,000 in 1954. The construction program contemplated by these advances will result in an additional 70,000 miles of lines energized in 1953 and 55,000 miles in 1954 providing service to approximately 200,000 new consumers in 1953 and 150,000 in 1954. Thus by the end of the fiscal year 1954, REA-financed systems will have energized

about 1,335,000 miles of distribution lines providing electric service to approximately 4,119,000 rural consumers.

(2) Increase of $14,524,000 in rural telephone loans: In 1920, 38.7 percent of the farms of the United States had telephone service. In 1950, the percentage was only 38.3. During the same period, the number of farms with telephone service was reduced from 2,498,493 to 2,059,474. The demand for telephone loans is indicated by the fact that as of March 13, 1953, there were 477 loan applications on hand totaling $94,125,000. It is estimated that outstanding applications at the beginning of fiscal 1954 will total at least $100,000,000 and in all probability, applications received during the year will approximate an additional $50,000,000. The 1954 loan program of $50,000,000 represents a minimum program and would provide for about 160 loans.

The status of loan funds for 1952, 1953, and 1954 is shown below:

	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954
Loan authorization	a/ $25,236,718	b/ $35,000,000	$50,000,000
Carryover from prior year	16,245,000	476,000	- -
Amount available for loans	41,481,718	35,476,000	50,000,000
Carryover into subsequent year	-476,000	- -	- -
Loan program	41,005,718	35,476,000	50,000,000

a/ Includes $9,000,000 in regular authorization and $16,236,718 from $25,000,000 contingent authorization.

b/ Includes $10,000,000 contingent authorization.

A telephone on the farm is far more than a convenience; it is a necessity. It gives the farmer a vital communication link with farm markets, farm machinery service centers, doctors, hospitals and other distant services. At the close of 1950, more than 60 percent of the farms of this country were without telephone service. Even more striking is the fact that service was much poorer than it was 30 years ago. In the face of decreasing farm labor, the need for adequate communications becomes increasingly important. By March 13, 1953, loans had been made to 224 borrowers which will provide for connecting 160,386 new rural subscribers and improve service for an additional 138,067 rural subscribers.

CHANGES IN LANGUAGE

The estimates include a proposed change in language as follows (new language underscored; deleted matter enclosed in brackets):

LOAN AUTHORIZATIONS

For loans in accordance with said Act, and for carrying out the provisions of section 7 thereof, to be borrowed from the Secretary of the Treasury in accordance with the provisions of section 3 (a) of said Act as follows: Rural electrification program, [$50,000,000] $95,000,000; and rural telephone program, [$25,000,000] $50,000,000; and additional amounts not to exceed [$50,000,000] $60,000,000 for the rural electrification program
1 [and $10,000,000 for the rural telephone program,] may be borrowed under the same terms and conditions to the extent that such additional amounts are required during the fiscal year [1953] 1954, under the then existing conditions, for the expeditious and orderly development of
2 the program, and distributed in any State or Territory, in addition to the sums which such State may otherwise receive, except that not more than 20 per centum of such additional amounts may be distributed to any one State.

The first change in language is for the purpose of deleting the contingent borrowing authorization provided in the 1953 Act for the rural telephone program.

The second change in language is for the purpose of providing sufficient loan funds in particular States to accomplish the electrification loan program considered necessary for 1954. The loan authorization of $95,000,000 together with the estimated carryover of $32,298,364, may not permit the carrying out of the total planned loan program of $120,000,000 for fiscal year 1954, because subsections (c), (d) and (e) of Section 3 of the Rural Electrification Act of 1936 as amended limit the amount that can be loaned in any one State. In some States, under the allotment formula, the maximum amount that can be loaned is likely to be less than the amount required to meet loan needs. In recent years contingent loan authorizations, subject to the same limitations as the basic authorization, were provided in the necessary amount to increase the limitations in States where urgently needed for increasing capacity of lines and facilities. Since the additional amounts were subject to the allotment formula it has been necessary for the Congress to provide additional borrowing authorization in excess of the amounts required for actual lending. In order to avoid this situation in 1954, it is proposed that the contingency funds be made available directly as needed in the various States, except that not more than 20 percent of such additional amounts may be loaned in any one State. On this basis, a contingent authorization of $60,000,000, in addition to the basic authorization of $95,000,000 is required to meet loan needs for fiscal year 1954.

(b) Salaries and Expenses

Appropriation Act, 1953	$8,290,000
Reduction pursuant to Section 411	-2,020
Adjusted appropriation, 1953, and base for 1954	$8,287,980
Revised budget estimate, 1954	7,775,000
Decrease	$ -512,980

SUMMARY OF INCREASES AND DECREASES, 1954

Decrease in administration of rural electrification program ...	$-1,172,265
Increase in administration of rural telephone program	+659,285

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
1. Administration of Rural Electrification Program	$6,630,650	$6,067,265	-$1,172,265(1)	$4,895,000
(a) Loan activities .	(897,731)	(674,836)	(-145,009)	(529,827)
(b) Engineering activities	(2,284,355)	(2,053,620)	(-448,247)	(1,605,373)
(c) Operations activities	(2,503,467)	(2,619,214)	(-472,735)	(2,146,479)
(d) Auditing activities	(945,097)	(719,595)	(-106,274)	(613,321)
2. Administration of Rural Telephone Program	1,584,182	2,220,715	+659,285(2)	2,880,000
(a) Loan activities .	(804,664)	(825,849)	(+146,327)	(972,176)
(b) Engineering activities	(644,785)	(959,399)	(+280,264)	(1,239,663)
(c) Operations activities	(41,832)	(235,910)	(+119,708)	(355,618)
(d) Auditing activities	(92,901)	(199,557)	(+112,986)	(312,543)
Unobligated balance	70,168	- -	- -	- -
Total available or estimate	8,285,000	8,287,980	-512,980	7,775,000
Reduction pursuant to Section 411	- -	+2,020		
Total appropriation or estimate	8,285,000	8,290,000		

DECREASE

(1) The estimates include a decrease of $1,172,265 under the project "Administration of the Rural Electrification Program".

As a result of a smaller loan program for fiscal year 1954, and by placing increased reliance on borrowers to prepare their area coverage surveys, loan applications and plans for extension of service to unserved farms with a very minimum of assistance from REA, it will be possible to eliminate about one-third of the field loan staff.

A reduction of nearly one-fourth of the electrical engineering staff will be possible by placing increased responsibility with the borrowers for planning their systems, developing standards, making studies of technical engineering problems, as well as supervising the construction and technical operations of their systems.

As a result of placing greater reliance on borrowers for the conduct of their operations, it is possible to curtail about one-fifth of the REA staff engaged in power-use programs and specialized management assistance activities on matters such as power procurement, insurance, labor relations, operating budgets, as well as the discontinuance of the magazine, Rural Electrification News.

A further extension of the CPA audit program under which about 200 additional borrowers will be required to engage certified public accountants to perform annual operations audits is contemplated. The transfer of these additional borrowers to the CPA program, together with a reduction in the number of construction audits, will make possible a reduction of about one-fifth in the electrification audit staff.

(continued on next page)

(Revised)

(2) An increase of $659,285 under the project: "Administration of the Rural Telephone Program" composed of:

(a) An increase of $146,327 for loan activities. This increase is necessary for a lending program of $50,000,000 for the fiscal year 1954, and to meet the growing volume of work in enabling borrowers to meet the conditions for the first advance of loan funds. The proposed loan program represents an increase of $14,524,000 over the planned program for 1953.

Many major problems not encountered in the electrification program are involved in making a telephone loan. Many loans are made to companies already operating in the telephone field with diverse patterns of operation. State commission approvals are required and agreements for inter-connections with other telephone companies are needed. Appraisal of applications from companies already in the telephone business requires extensive field work. Problems in acquisitions, refinancing outstanding obligations, and incorporation and merging of existing companies are encountered.

During 1952 and earlier years, most of the loan money was obligated initially under loan allocations in order to give assurance to a telephone company that a loan would be made if necessary conditions were satisfied, such as the incorporation and merging of existing companies and the signing up of subscribers to determine the market for telephone service. As a consequence, the processing of prior year allocations into loan contracts makes a substantial workload in succeeding years. By the end of 1953, it is anticipated that improvements in procedure and techniques as well as the solving of many of the early problems will make possible in most instances a simultaneous loan allocation and loan contract, materially reducing the unit time to process a loan application. The 1954 estimates contemplate processing a loan application, through allocation and loan contract stage, in about 70 percent of the time required during fiscal year 1953.

After a loan is approved by the Administrator, considerable time must be spent in working with the borrower to meet the loan conditions prerequisite to the first advance of funds. Before funds are released, determinations must be made on many items, such as the satisfactory execution of loan and security documents, the bonding and designating of officers authorized to sign loan fund requisitions, satisfactory depositories, approvals by State regulatory bodies and certificates of necessity where required, and insurance requirements. During 1952 much of the procedure and administrative technique was still new and many problems were encountered. Increased know-how and perfection of procedures, coupled with development of better working relationships with regulatory bodies, are expected to reduce the unit time for this work by 25 percent during 1953 and improvements in fiscal year 1954 are expected to reduce further the unit time by over one-third. This factor has been taken into account in the estimate.

Data pertaining to workload:

	1952 Actual Number	1953 Estimated Number	1954 Estimated Number
Loans approved	96	120	160
Loan contracts processed for first advance	73	127	190
Amount of loans approved ...	$41,005,718	$35,476,000	$50,000,000

(b) An increase of $280,264 for engineering activities. This increase is required to handle the increasing workload in post-loan and construction engineering activities, as it is estimated that the number of construction projects will more than double from 1953 to 1954.

Post-loan engineering requires working with the borrowers in review and approval of proposed engineering services. Determinations must be made as to the adequacy of design of proposed construction projects. Contracts and engineering cost estimates must be reviewed. Technical advice and assistance is given to the borrower's engineer in meeting REA standards in project design, area coverage design, plans and specifications for obtaining bids and letting contracts. During the fiscal year 1953, it is anticipated that the time required by REA engineers on each project can be reduced by more than 40 percent. These estimates contemplate a further reduction in the time required per project during fiscal year 1954 by almost another 30 percent below those for 1953.

Construction will reach major proportions through 1953 and 1954 with a resulting heavy increase in workload in telephone engineering activities. To assure conformance to loan requirements and proper construction standards, construction contracts, as well as contracts entered into by borrowers for purchase of poles, conductor and materials, are subject to REA review and approval. Field checks on construction are made from time to time to determine that it conforms to standards, and periodic reports of the borrower's supervising engineer are reviewed to determine progress as well as problems encountered. On completion of construction, the borrower's engineer makes a complete inspection and inventory of the facilities as constructed which is subject to spot-check and approval by an REA field engineer. By the end of 1953, it is anticipated that many of the problems in construction will be overcome, thereby permitting a 25-percent reduction in REA engineering time per project in 1953 as compared with 1952. A further reduction in the time per unit is contemplated in 1954, thus reducing the time required per construction project by 20 percent below that for 1953.

In the following workload data, it should be pointed out that the post-loan projects and construction projects include only such work on new loans; engineering work necessary in the case of loans made to supplement existing projects is relatively slight at the post-loan

and construction stages, and has been excluded from the data pertaining to workload. Engineering work for such supplemental amounts is reflected in the figures for pre-loan projects, however. This type of presentation most adequately reflects the real workload significance of the various elements. This observation is made to indicate that the planned program for 1954 contemplates a reduction in the backlog of telephone engineering work.

Data pertaining to workload:

	1952 Actual Number	1953 Estimated Number	1954 Estimated Number
Pre-loan projects	96	120	160
Post-loan projects (weighted) (excludes supplemental loans)	55	110	140
Construction projects (weighted) (excludes supplemental loans)	25	65	140
Total construction projects underway	40	160	260

(c) An increase of $119,708 for operations activities. The increase is required to handle the additional workload resulting from an increase in number of borrowers operating REA-financed systems from an estimated 66 at the end of 1953 to an estimated 175 at the end of 1954 and to process advances of funds on an estimated 337 loans in 1954 as compared to an estimated 175 loans in 1953.

Fiscal year 1954 will represent the first year of the telephone program in which a large number of borrowers will be in operation throughout the year. A large and growing number of these borrowers will be new systems entering for the first time into this complex business, and many of the existing companies will encounter operations problems of much greater scope and complexity than those experienced in the past. REA proposes to work with telephone borrowers on a selective basis of need in the solution of problems relating to such matters as personnel selection and training, rate schedules, insurance, purchase of auxiliary equipment, budgeting and financial forecasting, and general business operations. Every effort will be made to achieve economies in this phase of the telephone program through the development of operations procedural manuals and standards so that operations assistance to individual borrowers can be held to a minimum.

Advances of loan funds to borrowers are controlled through a master budget representing a breakdown of loan and equity funds on the basis of the purposes for which a loan is made. Changes of purpose are required from time to time which may affect feasibility, quality of

service, legal, or policy matters. Funds are encumbered on the basis of approved contracts and cost estimates. Advances of funds are made to the borrower against these encumbrances on receipt of requisitions. Improvements in unit time will make it possible to handle the increased workload in this activity with a far less than proportionate increase in staff.

Data pertaining to workload:

	1952 Actual	1953 Estimated	1954 Estimated
Borrowers operating REA-financed facilities	2	66	175
Advance of funds, annual.....	$7,641,349	$25,000,000	$60,000,000
Advance of funds, cumulative	$7,797,217	$32,797,217	$92,797,217
Advance of funds (number of loans)	80	175	337
Amount of cumulative loans	$82,260,718	$117,736,718	$167,736,718
Number of cumulative loans	211	331	491
Unadvanced loan funds	$74,463,501	$84,939,501	$74,939,501

(d) An increase of $112,986 for auditing activities. The increase is needed to handle a sharp increase in installation and operations audits during 1954 as a result of the increased number of loans to be approved in 1954 and the greater number of construction projects reaching completion.

Installation audits are required for all new borrowers after execution of the loan contract and before any funds are advanced for construction. In the case of existing commercial telephone companies, the auditor makes a modified balance sheet audit to disclose any adverse financial condition which might affect the security of the loan. At the same time, any accounting records necessary to conform to the System of Accounts prescribed by the regulatory body having jurisdiction in the State are installed. In the case of telephone cooperatives, the auditor sets up membership records and REA loan account records and other necessary accounts and instructs the borrower's personnel in maintenance thereof. If the cooperative has acquired an operating telephone property as a nucleus of its organization, a modified balance sheet audit is made as in the case of the commercial telephone company. In the case of installation audits of both commercial and cooperative telephone organizations, it has been the experience that because of the lack of accounting knowledge on the part of borrowers' personnel, it is necessary for the auditor to spend considerable time instructing the borrowers' personnel. It is anticipated that the over-all time required for each audit will be reduced nearly 10 percent during 1953. The number of installation audits is expected to increase from 100 in fiscal year 1953 to 140 in fiscal year 1954. As the result of further improvements in techniques and procedures, it is anticipated that the over-all time required for installation audits

in fiscal year 1954 will be reduced still further -- as much as 15 percent below the time required in fiscal year 1953.

Construction audits are required principally to review and verify entries on the borrower's records as to transactions affecting the REA construction funds and to determine, in general, the adequacy of accounting procedures and practices. The audit is required before final payments are made to the contractors and engineer to verify payments made to them. On completion of the audit, the borrower may requisition the necessary loan funds for final payment to contractors and its engineer. The first construction audits in the telephone program during fiscal year 1953 are expected to total about 58. In 1954, the number of construction audits is expected to remain substantially the same and a reduction of over 10 percent in the over-all time required per audit is expected. An audit of construction funds is performed for all REA-financed construction projects, either by making a construction audit or in conjunction with the annual operations audits. As the number of borrowers receiving operations audits increases, the number of construction audits performed in conjunction with operations audits increases. It should be pointed out, therefore, that the construction audit workload will increase sharply from 1953 to 1954; this increase is reflected in the increase for operations audits.

To protect the security of the Government's loan, an annual audit is required of all operating borrowers' records. All firmly established borrowers are required to employ certified public accountants to audit their general accounts. Until it is determined that a borrower is firmly established and that the security for the Government's loan can be adequately protected through an audit of the borrower's accounts by certified public accountants, the audit is made by the REA audit staff. The audit involves the verification of balances in all asset and liability accounts, determination as to the adequacy and accuracy of all revenue and expense accounts, verification that all known transactions have been recorded on the books, and determination of the propriety of accounting procedures and practices. It also includes an audit of special construction funds to determine that such funds have been expended in accordance with contractual agreements. Only eight such audits were required in fiscal year 1952. In fiscal year 1953, this number is expected to rise to fifty. In fiscal year 1954, it is estimated that approximately 106 audits will be required. By fiscal year 1954, it is expected that the over-all time required for each audit can be reduced about 15 percent below the time presently required.

(Revised)

Data pertaining to workload:

	1952 Actual Number	1953 Estimated Number	1954 Estimated Number
Borrowers requiring installation audits	83	100	140
Borrowers requiring construction audits	0	58	50
Borrowers requiring operations audits	8	50	106

Estimates for administrative expenses are closely tied to measurable workload units, related to time factors required to perform those units.

As indicated in the foregoing, the 1954 estimates are based on substantial projected reductions in the time needed to perform the various units of work. These time reductions are in addition to similar efficiencies already being realized in 1953.

This is made possible as experience is gained in handling the telephone program, and by constant efforts to streamline and simplify procedures.

(a) Loan Authorizations

Electrification Program

Appropriation Act, 1953 (authorization to borrow from Secretary of the Treasury)	a/	$50,000,000
Budget Estimate, 1954	a/	135,000,000
Increase in loan authorization	b/	+85,000,000

a/ Excludes contingent authorizations of $50,000,000 in 1953, and $60,000,000 proposed for 1954.
b/ Due to carryover of prior year balances, the 1953 program was $165,000,000; therefore, the 1954 Budget is a decrease of $30,000,000 in the planned program.

Telephone Program

Appropriation Act, 1953 (authorization to borrow from Secretary of the Treasury)	c/	$35,000,000
Budget Estimate, 1954		65,000,000
Increase in loan authorization	d/	+30,000,000

c/ Includes contingent authorization of $10,000,000 used in 1953.
d/ Due to carryover of prior year balances of $476,000 used in 1953, the increase in the planned program in 1954 is $29,524,000.

PROJECT STATEMENT
(On the basis of planned loan programs)

Project	1952	1953 (estimated)	Increase or Decrease	1954 (estimated)
Loan Authorization				
1. Rural electrification loans	$165,425,811	$165,000,000	$-30,000,000(1)	$135,000,000
2. Rural telephone program	41,005,718	35,476,000	+29,524,000(2)	65,000,000
Total loans	206,431,529	200,476,000	-476,000	200,000,000

INCREASES AND DECREASES

A net decrease of $476,000 in loan activities, as follows:

(1) Decrease of $30,000,000 in rural electrification loans: A loan program of $135,000,000 is planned for 1954. A loan program of $165,000,000 is estimated for 1953 consisting of the 1953 authorization of $50,000,000 and use of $115,000,000 of the carryover balance of loan authorizations from fiscal year 1952.

By June 30, 1952 electrification borrowers numbering over 1,000 had extended central station electric service to 3,769,426 farms and other rural consumers. As of the same date, estimates based on the 1950 census indicate that 4,740,849, or 88.1 percent, of all farms in the United States were receiving central station electric service. This contrasts with the 10.9 percent receiving service in 1935 when the program began. The $186,655,015 in loan applications on hand as of December 12, 1952 is indicative of the continued large demand for loans.

The status of electrification loan funds for 1952, 1953, and 1954 is shown below:

	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954
Loan authorization	$100,000,000	$ 50,000,000	$135,000,000
Carryover from prior year	182,724,175	117,298,364	2,298,364
Amount available for loans	282,724,175	167,298,364	137,298,364
Carryover into subsequent year	-117,298,364	-2,298,364	-2,298,364
Loan program	165,425,811	165,000,000	135,000,000

From 1945 to 1952, power requirements of REA borrowers increased from less than 2½ billion kwh to over 12 billion kwh and it is expected that by 1955, power requirements will exceed 19 billion kwh and much of the increase must be provided through REA loans. As of June 30, 1951, an estimated 1,291,680 farms and other rural establishments were not yet receiving central station electric service and it is expected that an additional 100,000 establishments will be requiring service in the next four years through population growth and extension of industrial activities into rural areas. Loans approved through fiscal year 1952 on which construction had not yet been completed and estimated loans to be made by the end of fiscal year 1953 will provide for connection of approximately 534,500 of these consumers. It is essential that the remaining unelectrified farms in this country receive central station service as soon as possible and that the increasing power requirements of all farms be met.

The loan program of $135,000,000 planned for 1954 will provide for connection of approximately 64,000 consumers, for heavying up existing facilities, and for generation and transmission facilities necessary to meet the growing demands for more power for agricultural production.

Funds loaned to borrowers are advanced only as needed to meet construction, labor and material costs. Electrification funds estimated to be advanced amount to $195,000,000 in 1953 and will amount to $170,000,000 in 1954. The construction program contemplated by these advances will result in an additional 70,000 miles of lines energized in 1953 and 55,000 miles in 1954 providing service to approximately 200,000 new consumers in 1953 and 150,000 in 1954. Thus by the end of the fiscal year 1954, REA-financed systems will have energized about 1,335,000 miles

of distribution lines providing electric service to approximately 4,119,000 rural consumers.

(2) Increase of $29,524,000 in rural telephone loans: In 1920, 38.7 percent of the farms of the United States had telephone service. In 1950, the percentage was only 38.3. During the same period, the number of farms with telephone service was reduced from 2,498,493 to 2,059,474. The demand for telephone loans is indicated by the fact that as of November 28, 1952 there were 465 loan applications on hand totaling $90,017,937. It is estimated that outstanding applications at the beginning of fiscal year 1954 will total at least $100,000,000 and in all probability, applications received during the year will approximate an additional $50,000,000. The 1954 loan program of $65,000,000 represents a minimum program and would provide for about 200 loans.

The status of loan funds for 1952, 1953 and 1954 is shown below:

	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954
Loan authorization.....	a/$25,236,718	b/$35,000,000	$65,000,000
Carryover from prior year..	16,245,000	476,000	- -
Amount available for loans..	41,481,718	35,476,000	65,000,000
Carryover into subsequent year.....	-476,000	- -	- -
Loan program.....	41,005,718	35,476,000	65,000,000

a/ Includes $9,000,000 in regular authorization and $16,236,718 from $25,000,000 contingent authorization.
b/ Includes $10,000,000 contingent authorization.

To produce food and fiber for the nation's needs efficiently and economically, the farmer must have fast, dependable communication. A telephone on the farm is far more than a convenience; it is an absolute necessity. It gives the farmer a vital communication link with farm markets, farm machinery service centers, doctors, hospitals and other distant services. At the close of 1950, more than 60 percent of the farms of this country were without telephone service. Even more striking is the fact that service was much poorer than it was 30 years ago. As the demand for agricultural production continues high in the face of decreasing farm labor, the need for adequate communications becomes increasingly important. By June 30, 1952, loans had been made to 190 borrowers which will provide for connecting 135,831 new rural subscribers and improve service for an additional 115,219 rural subscribers. There were 32 construction projects underway with 65 more well along towards construction.

CHANGES IN LANGUAGE

The estimates include a proposed change in language as follows (new language underscored; deleted matter enclosed in brackets):

LOAN AUTHORIZATIONS

For loans in accordance with said Act, and for carrying out the provisions of section 7 thereof, to be borrowed from the Secretary of the Treasury in accordance with the provisions of section 3 (a) of said Act as follows: Rural electrification program, [$50,000,000] $135,000,000; and rural telephone program, [$25,000,000] $65,000,000; and additional amounts not to exceed [$50,000,000] $60,000,000 for the rural electrification program
1 [and $10,000,000 for the rural telephone program,] may be borrowed under the same terms and conditions to the extent that such additional amounts are required during the fiscal year [1953] 1954, under the then existing conditions, for the expeditious and orderly development of
2 the program, and distributed in any State or Territory, in addition to the sums which such State may otherwise receive, except that not more than 20 per centum of such additional amounts may be distributed to any one State.

The first change in language is for the purpose of deleting the contingent borrowing authorization provided in the 1953 Act for the rural telephone program.

The second change in language is for the purpose of providing sufficient loan funds in particular States to accomplish the electrification loan program considered necessary for 1954. The loan authorization of $135,000,000 will not provide for the total planned loan program of $135,000,000 for fiscal year 1954, because subsections (c), (d) and (e) of Section 3 of the Rural Electrification Act of 1936 as amended limit the amount that can be loaned in any one State. In some States, under the allotment formula, the maximum amount that can be loaned will be less than the amount required to meet loan needs. In recent years additional loan authorizations, subject to the same limitations as the basic authorization, were provided in the necessary amount to increase the limitations in States where urgently needed for increasing capacity of lines and facilities and for generation of electricity to meet the ever increasing power requirements in the face of diminishing power supplies relative to demand. Since the additional amounts were subject to the percentage limitations in the Rural Electrification Act, it has been necessary for the Congress to provide additional borrowing authorization in excess of the amounts required for actual lending. In order to overcome this situation, it is proposed that the contingency funds be made available directly as needed in the various States over and above their allotments under the formula, except that not more than 20 percent of such additional amounts may be distributed to any one State. On this basis, a contingent authorization of only $60,000,000, in addition to the basic authorization of $135,000,000 is required to meet loan needs for fiscal year 1954.

(b) Salaries and Expenses

Appropriation Act, 1953	$8,290,000
Reduction pursuant to Section 411	- 2,020
Adjusted appropriation, 1953, and base for 1954	8,287,980
Budget estimate, 1954	9,000,000
Increase	+712,020

SUMMARY OF INCREASES AND DECREASES, 1954

Decrease in administration of the rural electrification program due to savings anticipated to be effected in 1954	-$77,000
Increase for administration of the rural telephone program for:	
Loan activities	+220,576
Engineering activities	+354,680
Operations activities	+101,875
Auditing activities	+111,889

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 (estimated)
1. Administration of Rural Electrification Program	$6,630,650	$6,067,265	-$77,000 (1)	$5,990,265
(a) Loan activities	(897,731)	(674,836)	(-16,400)	(658,436)
(b) Engineering activities	(2,284,355)	(2,053,620)	(-26,025)	(2,027,595)
(c) Operations activities	(2,503,467)	(2,619,214)	(-34,575)	(2,584,639)
(d) Auditing activities	(945,097)	(719,595)	- -	(719,595)
2. Administration of Rural Telephone Program	1,584,182	2,220,715	+789,020 (2)	3,009,735
(a) Loan activities	(804,664)	(825,849)	(+220,576)	(1,046,425)
(b) Engineering activities	(644,785)	(959,399)	(+354,680)	(1,314,079)
(c) Operations activities	(41,832)	(235,910)	(+101,875)	(337,785)
(d) Auditing activities	(92.901)	(199,557)	(+111,889)	(311,446)
Unobligated balance	70,168	- -	- -	- -
Total available or estimate	8,285,000	8,287,980	+712,020	9,000,000
Reduction pursuant to Section 411	- -	+ 2,020		
Total appropriation or estimate	8,285,000	8,290,000		

INCREASES AND DECREASES

(1) A decrease of $77,000 under the project "Administration of the Rural Electrification Program", due to savings anticipated to be effected in 1954.

Through its policy of progressive transfer of responsibilities to borrowers, the Rural Electrification Administration has been able to administer a program of constantly increasing size and scope with a comparatively constant staff. While the workload and responsibilities in the electrification program have increased many-fold since 1941, the average employment in administering the program increased almost negligibly.

During the 1952 fiscal year, it became apparent that a substantial reduction must be made in the electric program staff so that more attention could be given to meeting the demands of the telephone program. Accordingly, the Administration was reorganized, effective July 1, 1952, as explained previously in these notes, to provide a framework for transferring still further responsibility to electrification borrowers on a sound and selective basis.

It is anticipated that in 1954 further economies can be effected as a result of this reorganization to the extent of $77,000. The estimate of $5,990,265 for 1954 for administration of the electrification program represents the absolute minimum staff that will be necessary if adequate security is to be maintained for nearly two billion dollars in outstanding rural electrification loans, with the impact of full debt service payments due to occur for most borrowers in the years immediately ahead.

(2) An increase of $789,020 under the project "Administration of the Rural Telephone Program" composed of:

(a) An increase of $220,576 for loan activities. This increase is necessary for a lending program of $65,000,000 for the fiscal year 1954, and to meet the growing volume of work in enabling borrowers to meet the conditions for the first advance of loan funds. The proposed loan program represents an increase of $29,524,000 over the planned program for 1953 and an increase of $23,994,282 over the program carried out in 1952.

Many major problems not encountered in the electrification program are involved in making a telephone loan. Many loans are made to companies already operating in the telephone field with diverse patterns of operation. State commission approvals are required and agreements for inter-connections with other telephone companies are needed. Appraisal of applications from companies already in the telephone business requires extensive field work. Problems in acquisitions, refinancing outstanding obligations, and incorporation and merging of existing companies are encountered.

During 1952 and earlier years, most of the loan money was obligated initially under loan allocations in order to give assurance to a telephone company that a loan would be made if necessary conditions

were satisfied, such as the incorporation and merging of existing companies and the signing up of subscribers to determine the market for telephone service. As a consequence, the processing of prior year allocations into loan contracts makes a substantial workload in succeeding years. By the end of 1953, it is anticipated that improvements in procedure and techniques as well as the solving of many of the early problems will make possible in most instances a simultaneous loan allocation and loan contract, materially reducing the unit time to process a loan application. The 1954 estimates contemplate processing a loan application, through allocation and loan contract stage, in about 70 percent of the time required during fiscal year 1953.

After a loan is approved by the Administrator, considerable time must be spent in working with the borrower to meet the loan conditions prerequisite to the first advance of funds. Before funds are released, determinations must be made on many items, such as the satisfactory execution of loan and security documents, the bonding and designating of officers authorized to sign loan fund requisitions, satisfactory depositories, approvals by State regulatory bodies and certificates of necessity where required, and insurance requirements. During 1952 much of the procedure and administrative technique was still new and many problems were encountered. Increased know-how and perfection of procedures, coupled with development of better working relationships with regulatory bodies, are expected to reduce the unit time for this work by 25 percent during 1953 and improvements in fiscal year 1954 are expected to reduce further the unit time by over one-third.

Data pertaining to workload:

	1952 Actual Number	1953 Estimated Number	1954 Estimated Number
Loans approved.....	110	120	200
Loan contracts processed for first advance.....	73	127	220
Amount of loans approved....	$41,005,718	$35,476,000	$65,000,000

(b) An increase of $354,680 for engineering activities. This increase is required to handle the increasing workload in post-loan and construction engineering activities, as it is estimated that the number of construction projects will more than double from 1953 to 1954.

Post-loan engineering requires working with the borrowers in review and approval of proposed engineering services. Determinations must be made as to the adequacy of design of proposed construction projects. Contracts and engineering cost estimates must be reviewed. Technical advice and assistance is given to the borrower's engineer in meeting REA standards in project design, area coverage design, plans and specifications for obtaining bids and letting contracts. During

the fiscal year 1953, it is anticipated that the time required by REA engineers on each project can be reduced by more than 40 percent. These estimates contemplate a further reduction in the time required per project during fiscal year 1954 by almost another 30 percent below those for 1953.

Construction will reach major proportions through 1953 and 1954 with a resulting heavy increase in workload in telephone engineering activities. To assure conformance to loan requirements and proper construction standards, construction contracts, as well as contracts entered into by borrowers for purchase of poles, conductor and materials, are subject to REA review and approval. Field checks on construction are made from time to time to determine that it conforms to standards, and periodic reports of the borrower's supervising engineer are reviewed to determine progress as well as problems encountered. On completion of construction, the borrower's engineer makes a complete inspection and inventory of the facilities as constructed which is subject to spot-check and approval by an REA field engineer. By the end of 1953, it is anticipated that many of the problems in construction will be overcome, thereby permitting a 25-percent reduction in REA engineering time per project in 1953 as compared with 1952. A further reduction in the time per unit is contemplated in 1954, thus reducing the time required per construction project by 20 percent below that for 1953.

The increase also provides for employment of critically needed specialists to study and develop new rural telephone equipment, such as radio communication devices, more efficient inside and outside plant for rural use, and central office switching arrangements upon which extension of telephone service to many sparsely populated rural areas largely depends. Practically no equipment, materials, or construction standards have ever been developed specifically for rural telephone use. Rural telephone systems use adaptations of equipment, materials, and standards developed for urban use. Research into new rural telephone equipment will be done under contract. Some very promising results in developing equipment tailored to rural systems are already apparent from the limited work which has been done, but with the funds available it has been possible only to scratch the surface of the possibilities for improvement. It is imperative that further work be done in this field if rural telephone borrowers are to provide efficient and reliable area-wide service on a financially sound basis.

One of the critical problems in the telephone program has been the difficulty of employing qualified telephone engineers. There are practically no experienced personnel in this field outside of the large independent telephone companies and the Bell System. Few of their employees felt inclined to accept employment in the rural telephone program in its early stage, probably because of skepticism of its success and acceptance by the telephone industry as a whole. Now that the program is moving forward in major strides, it is possible to secure good higher-grade engineers. This development has been followed by a new problem, that of holding such employees. Many of these employees are gaining valuable experience in rural telephony, and already many of them have received offers from independent rural

companies and equipment manufacturers at greater salaries than the Government can offer. It is expected that in most instances these employees will remain for perhaps two years in order to absorb the maximum experience benefits available to them through the program. To provide against loss of continuity of experience which will be needed as the program goes forward, REA proposes to employ 8 promising trainee engineers in the lower grades for a six-month's training program. In the early days of rural electrification, the trainee program proved to be very successful and today many important positions are filled by former trainees.

Data pertaining to workload:

	1952 Actual Number	1953 Estimated Number	1954 Estimated Number
Pre-loan projects.....	110	120	200
Post-loan projects(weighted)	55	135	240
Construction projects (weighted).....	25	100	220
Total construction projects underway.....	40	215	340

(c) An increase of $101,875 for operations activities. The increase is required to handle the additional workload resulting from an increase in number of borrowers operating REA-financed systems from an estimated 66 at the end of 1953 to an estimated 175 at the end of 1954 and to process advances of funds on an estimated 337 loans in 1954 as compared to an estimated 175 loans in 1953.

Fiscal year 1954 will represent the first year of the telephone program in which a large number of borrowers will be in operation throughout the year. A large and growing number of these borrowers will be new systems entering for the first time into this complex business, and many of the existing companies will encounter operations problems of much greater scope and complexity than those experienced in the past. REA proposes to work with telephone borrowers on a selective basis of need in the solution of problems relating to such matters as personnel selection and training, rate schedules, insurance, purchase of auxiliary equipment, budgeting and financial forecasting, and general business operations. Every effort will be made to achieve economies in this phase of the telephone program through the development of operations procedural manuals and standards so that operations assistance to individual borrowers can be held to a minimum.

Advances of loan funds to borrowers are controlled through a master budget representing a breakdown of loan and equity funds on the basis of the purposes for which a loan is made. Changes of purpose are required from time to time which may affect feasibility, quality of

service, legal, or policy matters. Funds are encumbered on the basis of approved contracts and cost estimates. Advances of funds are made to the borrower against these encumbrances on receipt of requisitions. Improvements in unit time will make it possible to handle the increased workload in this activity with a far less than proportionate increase in staff.

As in the engineering activities, it is difficult to obtain and keep telephone management personnel. To develop a continuity of experienced and qualified personnel for key positions, it is proposed to employ five operations trainees.

Data pertaining to workload:

	1952 Actual	1953 Estimated	1954 Estimated
Borrowers operating REA-financed facilities.....	2	66	175
Advance of funds, annual...	$ 7,641,349	$30,000,000	$60,000,000
Advance of funds, cumulative	$7,797,217	$37,797,217	$97,797,217
Advance of funds (number of loans).....	80	175	337
Amount of cumulative loans.	$82,260,718	$117,736,718	$182,736,718
Number of cumulative loans..	211	331	531
Unadvanced loan funds.....	$74,463,501	$79,939,501	$84,939,501

(d) An increase of $111,889 for auditing activities. The increase is needed to handle approximately twice as many installation, construction, and operations audits during 1954 as a result of the increased number of loans to be approved in 1954 and the greater number of construction projects reaching completion.

Installation audits are required for all new borrowers after execution of the loan contract and before any funds are advanced for construction. In the case of existing commercial telephone companies, the auditor makes a modified balance sheet audit to disclose any adverse financial condition which might affect the security of the loan. At the same time, any accounting records necessary to conform to the System of Accounts prescribed by the regulatory body having jurisdiction in the state are installed. In the case of telephone cooperatives, the auditor sets up membership records and REA loan account records and other necessary accounts and instructs the borrower's personnel in maintenance thereof. If the cooperative has acquired an operating telephone property as a nucleus of its organization, a modified balance sheet audit is made as in the case of the commercial telephone company. In the case of installation audits of both commercial and cooperative telephone organizations, it has been the experience that because of the lack of accounting knowledge on the part of borrowers' personnel, it is necessary for the auditor to spend considerable time

instructing the borrowers' personnel. It is anticipated that the over-all time required for each audit will be reduced nearly 10 percent during 1953. The number of installation audits is expected to increase from 100 in fiscal year 1953 to 160 in fiscal year 1954. As the result of further improvements in techniques and procedures, it is anticipated that the over-all time required for installation audits in fiscal year 1954 will be reduced still further -- as much as 15 percent below the time required in fiscal year 1953.

Construction audits are required principally to review and verify entries on the borrower's records as to transactions affecting the REA construction funds and to determine, in general, the adequacy of accounting procedures and practices. The audit is required before final payments are made to the contractors and engineer to verify payments made to them. On completion of the audit, the borrower may requisition the necessary loan funds for final payment to contractors and its engineer. The first construction audits in the telephone program during fiscal year 1953 are expected to total about 58. In 1954, the number of construction audits is expected to increase to approximately 100 and a reduction of over 10 percent in the over-all time required per audit is expected.

To protect the security of the Government's loan, an annual audit is required of all operating borrowers' records. All firmly established borrowers are required to employ certified public accountants to audit their general accounts. Until it is determined that a borrower is firmly established and that the security for the Government's loan can be adequately protected through an audit of the borrower's accounts by certified public accountants, the audit is made by the REA audit staff. The audit involves the verification of balances in all asset and liability accounts, determination as to the adequacy and accuracy of all revenue and expense accounts, verification that all known transactions have been recorded on the books, and determination of the propriety of accounting procedures and practices. It also includes an audit of special construction funds to determine that such funds have been expended in accordance with contractual agreements. Only eight such audits were required in fiscal year 1952. In fiscal year 1953, this number is expected to rise to fifty. In fiscal year 1954, it is estimated that approximately 110 audits will be required. By fiscal year 1954, it is expected that the over-all time required for each audit can be reduced about 15 percent below the time presently required.

Data pertaining to workload:

	1952 Actual Number	1953 Estimated Number	1954 Estimated Number
Borrowers requiring installation audits.....	83	100	160
Borrowers requiring construction audits.....	0	58	100
Borrowers requiring operations audits.....	8	50	110

Estimates for administrative expenses are closely tied to measurable workload units, related to time factors required to perform those units.

As indicated in the foregoing, the 1954 estimates are based on substantial projected reductions in the time needed to perform the various units of work. These time reductions are in addition to similar efficiencies already being realized in 1953.

This is made possible as experience is gained in handling the telephone program, and by constant efforts to streamline and simplify procedures.

This situation is summarized below:

TELEPHONE PROGRAM

Summary of Workload
(estimated)

Item of Workload	Fiscal year 1953 Work Units	Fiscal year 1953 Unit Time	Fiscal year 1954 Work Units	Fiscal year 1954 Unit Time	Percentage Reduction in Unit Time
Loan Activities:					
Assisting borrowers in completing applications and processing loans for approval of Administrator	120	.598	200	.483	-20%
Assisting borrowers in meeting loan requirements and processing documents for first advances.....	127	.362	220	.229	-37%
Engineering Activities:					
Pre-loan engineering.....	120	.125	200	.070	-34%
Post-loan engineering.....	135	.393	240	.276	-30%
Construction.....	100	.396	220	.315	-20%
Operations Activities:					
Advances of funds.....	175	.078	327	.051	-35%
Assisting borrowers with operating problems.....	66	- -	17	- -	- -
Auditing and accounting activities:					
Installation audits -					
Commercial type.....	60	.185	96	.157)	-15%
Cooperative type.....	40	.090	64	.073)	
Construction audits.....	58	.045	100	.039	-14%
Operations audits.....	50	.186	110	.155	-18%

STATUS OF PROGRAM

1952 Electrification Program

The REA program continued to make progress during the fiscal year 1952 in the extension of electric service to unserved rural people, at the same time giving continued attention to the performance of existing facilities which provide electric service to nearly four million rural consumers. The specific accomplishments during 1952 and the status of the program on June 30 are set forth below.

Loans approved and advances of loan funds. In the 12 months ending June 30, 1952, loans amounted to $165,425,811 and advances of loan funds were $227,574,029. Tables No. I and II present comparable figures for prior years and for the fiscal year 1952. Loans in 1952 were made for the following purposes:

Loan Purpose	1952	
	Net Amount	Percent
Distribution systems.....	$102,366,930	61.9
Generating plants.....	22,779,511	13.8
Transmission lines.....	38,607,470	23.3
Consumers facilities.....	1,671,900	1.0
TOTAL.....	$165,425,811	100.0

Consumers connected and miles energized. In the 12 months ending June 30, 1952, electricity was extended to 222,103 rural consumers, these connections being accomplished through the construction of 75,975 miles of electric lines. This brought the total number of miles of energized lines operated by REA borrowers to 1,210,473 and total consumers to 3,769,426. During the previous year, 295,536 consumers were connected through the construction of 116,162 miles of line.

Loan repayments. Cumulative principal and interest payments to June 30, 1952 amounted to $231,092,188 and $130,806,517 respectively. Repayments made ahead of schedule amount to $47,912,558, while principal and interest payments overdue more than 30 days amounted to $699,140, just over two-tenths of one percent of the amount due. (This figure does not include interest and principal due in the amount of $42,297 on two loans which were foreclosed.) The corresponding figures as of June 30, 1951 were:

Payments:	
Principal.....	$182,672,620
Interest.....	113,450,195
Repayments ahead of schedule.....	33,530,816
Principal and interest payments overdue more than 30 days.....	649,719
Interest and principal due on foreclosures.....	42,297

Since debt-service schedules generally provide for a 2- or 5-year deferment period after a loan is made, this record of debt-service payments against amounts now due is not a full measure of the borrowers' ability to meet their maximum debt-service requirements which will be reached in subsequent years.

Current Electrification Program

Cooperative associations of farmers constitute the principal type of borrower in the rural electrification program. These organizations are operating in areas which, prior to 1935, had been considered unprofitable by the private utilities. In order for these farmer organizations to be 100 percent successful and the loan security properly safeguarded, it is essential that the Rural Electrification Administration give attention to many of the varied problems which are constantly arising and for which the borrowers must find proper solutions if they are to serve their communities.

Current activities fall into two general categories: first, lending and construction activities pointed toward the goal of area coverage and second, loan servicing activities to protect the Government's interest in outstanding loans. The peak in lending and construction activities was reached in fiscal year 1949. However, the pressure for loans continues at a high rate. During fiscal year 1952 and the first quarter of fiscal 1953, applications were received at about the same rate as loans were made. Applications on hand in the Washington office (excluding applications in the process of preparation in the field) amounted to $187,115,015 as of December 26, 1952.

In loan servicing activities, the peak workload is yet to be reached. The volume of outstanding loans stands at nearly two billion dollars as of June 30, 1952; 68 percent of these loans and 75 percent of the advances were made in the past six years. This means that the heavy impact of debt-service payments due from borrowers will be reached during the next few years because of the 2- to 5-year deferment period on principal and interest payments on new loans. Over 1,000 REA borrowers provide service to nearly four million rural people, operating over 1,200,000 miles of line. Over half of these lines in 1953 are over five years old and have reached the point where it is essential that programs of preventive maintenance be developed in the overall planning of operations with borrowers to assure continued reliable service.

These facts indicate that borrowers have reached the stage where it is essential that they must give increasing attention to operating matters and complex operating problems if they are to continue to provide adequate service and repay their loans as they become due. The scope of current REA relationships with borrowers is illustrated by the following:

Increasing responsibility transferred to borrowers. The financial condition, accumulated experience, and general stability of great numbers of electrification borrowers have made it possible for REA to continue to transfer greater responsibility

to them. REA operations are constantly being reassessed to disclose possibilities for the further assumption of responsibility by borrowers without impairment of loan security. Such transfer of responsibility must, of course, be based upon sound and selective analyses. For example, based upon such analyses, 634 electric borrowers will be asked to secure audits by certified public accounting firms in fiscal 1953 compared to 261 in fiscal 1952. The number of annual operations audits of electric borrowers performed by REA field auditors will decline from 639 in fiscal 1952 to an estimated 379 in fiscal 1953. REA's role in technical and construction matters will be greatly reduced as activities carried on in this field in the past are transferred to borrowers. Present plans require that an estimated 634 borrowers retain the services of a consulting engineer to inspect and certify work order construction, an activity that heretofore has been performed by REA field engineers.

Loans. An estimated 11.9 percent of American farms were unelectrified as of June 30, 1952. Applications for loans to provide service to these establishments involve increasing difficulties as the more sparsely settled sections are reached. Applications from the "thinner" areas require more detailed study of probable revenues and operating costs. The problem of high-cost construction complicates the extension of service to the remaining unserved rural people. Complex problems involving acquisitions are encountered, and construction problems are especially difficult in the sparsely settled areas. The problem of adequate and dependable power supply is great in sparsely settled areas where power sites are scarce, transmission distances are long, and consumer density is low. The extension of electric service to previously unserved rural people represents only a part of the contemplated electrification loan program. Increasing attention must be given to the adequacy of service received by the nearly 4 million rural consumers already connected. Complex lending and construction plans must be worked out with borrowers for system improvements, rephasing, the provision of additional capacity on existing systems, and the assurance of adequate, dependable, and economical wholesale power supply.

During 1953, the loan program will provide for the construction of 40,000 miles of distribution line to serve 90,000 consumers.

Construction. During 1953, it is estimated that there will be approximately 70,000 miles of distribution line energized, bringing service to 200,000 new consumers, 4,000 miles of transmission line built, and 130,000 kw of generating capacity installed. Construction work in process totaled $523,193,807 at the beginning of fiscal 1953.

Advances. Advances of loan funds are estimated at $195,000,000 for the fiscal year 1953. These advances are expected to reduce the balance of unadvanced loans from $538,038,060 at the beginning of fiscal year 1953 to approximately $508,000,000 at the end of the year. The amount of unadvanced loans is substantial

because of the considerable time which elapses between the making of a loan and the final advance of funds when construction is completed. This is particularly true in the case of loans for generation and transmission facilities and loans for system improvements. These categories accounted for over half of the unadvanced funds at the beginning of the fiscal year.

Operations. With 1,210,473 miles of lines in operation as of June 30, 1952 and about one half of those lines being more than five years old, there is continuing need for a program of preventive maintenance. Until recently, few borrowers have had a systematic program of preventive maintenance in operation and consequently there exists on the systems of the borrowers a large amount of deferred maintenance. It is planned to encourage borrowers to move forward rapidly with systematic maintenance programs in the areas of greatest need. The information sent to borrowers concerning the best methods and procedures in carrying out this program will be expanded and improved.

The need for this work is heightened by the current need for farm production. Needed levels of farm production, in the face of labor shortages, require adequate and reliable electric service which can be supplied only by lines that are properly operated and maintained.

In consequence of intensive work with delinquent borrowers, the amount overdue more than 30 days is slightly over two tenths of one percent of the amount due. However during the calendar year 1951, 256 borrowers were operating at an accrual deficit. This emphasizes the need for attention and work with borrowers in order to prevent substantial delinquencies in later years, when the impact of full debt-service payments will be felt. Priority is given to borrowers with immediate financial and other problems, but other borrowers will be aided as much as possible in developing sound operating policies and practices to enable them to meet their increasing responsibilities with minimum need for intensive assistance. Under the reorganization effective July 1, 1952, arrangements for more comprehensive borrower planning, coupled with more selective and better integrated programs of assistance on the part of REA, should make the maximum contribution toward minimizing delinquencies and accrual deficits.

1952 Rural Telephone Program

The telephone program, during fiscal 1952, approached the stage of major construction activity with 32 construction projects underway as of June 30, 1952 and 65 more well along toward construction. In 1952, the demand continued far ahead of REA's ability to make loans. The growing understanding of the telephone program has given great impetus to the demand for loans. Only 38.3 percent of American farms have telephone service of any sort according to the Census of Agriculture for 1950.

Allocations made. During fiscal year 1952, loan allocations were made totaling $41,005,718 to 77 borrowers, as compared to allocations of $37,828,500 to 96 borrowers during fiscal year 1951. The 1952 allocations were made to provide telephone service to 55,290 new rural subscribers and to improve service to 39,944 additional rural subscribers. These allocations were made to 35 commercial companies and 42 cooperatives. Until recently, it has been the practice to make a loan allocation to give assurance that a loan will be made if necessary conditions are satisfied, such as incorporating, merging existing companies, or signing up subscribers. After these conditions are satisfied, a loan contract is executed. During the fiscal year 1952, loan contracts were executed by the Administrator totaling $45,872,218. At the present time, many loan contracts are executed simultaneously with the allocation.

Number and amount of applications on hand. As of June 30, 1952, REA had on hand a total of 489 applications from 42 states and Alaska in the amount of $89,101,811. These would provide initial, or improved, service to an estimated 332,922 rural subscribers.

The amount of loan applications on hand is not a full measure of the requirements for loan funds. Experience has shown that in some instances the amounts requested in loan applications are modest, and represent but minor improvements to existing plant without effecting the purpose of the telephone program in bringing service to the widest practicable number of rural users as required by the telephone amendment to the RE Act. Loans of $41,005,718 made during fiscal year 1952 resulted from loan applications totaling $38,326,921.

Complexity of loan appraisal. The analysis of rural telephone loan applications has proven to be much more complex than the analysis of rural electrification loan applications. In appraising the requested loan, consideration must often be given to refinancing, to relationships with state regulatory bodies, and to the need to consider such matters as connecting company agreements in appraising the loan. The telephone amendment to the RE Act has a specific non-duplication provision, which requires additional field work in many cases to support a finding. Problems relating to acquisitions are more frequently encountered in the telephone program than in the electrification program.

Virtually every loan application from an existing company requires field appraisal to determine the value of the existing plant and that portion usable in the proposed system. The loan appraiser, with an engineer, must assist the applicant in developing a proposed system which will assure maximum availability of telephone service in the area. Furthermore, detailed information relating to the security of the proposed loan is necessary. This broadly involves examination into the character and operating efficiency of the system as bearing on costs and revenues, past and prospective; the extent of subscriber interest and ownership; the extent to which any surplus will be retained in the system; and an analysis of local economic trends.

Construction. Construction work in the telephone program started in fiscal 1951, when 4 projects went into construction. Two of these were completed in fiscal 1952, and 30 more construction projects were begun. As of June 30, 1952, 65 loan contracts had been executed upon which construction had not yet begun. Thirty-six of these had completed area coverage designs, which is the first major post-loan engineering work leading to construction.

Current Rural Telephone Program

Loans. A substantial amount of work with applicants who have received allocations but have not yet satisfied the conditions will be necessary before a loan contract can be executed. Two hundred eleven allocations had been made at the end of the year, and 163 loan contracts had been signed and executed. It is anticipated that 150 additional loan contracts will be executed during fiscal year 1953.

Applications on hand as of June 30, 1952 totaled $89,101,811 and it is estimated that an additional $40,000,000 in applications will be received during fiscal year 1953 making an estimated total of $129,101,811 in applications for 1953. Of this amount, a total of $35,476,000 in loan authorizations is presently available for fiscal year 1953.

Construction. As of June 30, 1952, 32 borrowers had construction projects physically underway. This number is expected to reach 215 during fiscal year 1953. An estimated 66 construction projects will be completed during fiscal year 1953, providing new and improved service to approximately 72,000 rural subscribers on 35,000 miles of line. It is estimated that 13,000 additional miles will be completed but not in service by the end of fiscal year 1953.

Operations. During the fiscal year 1953, more attention will have to be given to operations matters with which some of the borrowers have had little or no past experience. As of June 30, 1952, no systems without previous operating experience had completed construction, and the two borrowers which had completed construction had considerable experience in the operation of rural telephone systems before receiving their REA loans. During 1953, it is anticipated that 18 cooperatives will complete construction and go into operation for the first time. In addition, 48 commercial companies with some operating experience will complete construction, many of which will encounter operations problems far transcending anything encountered in the past. These 18 cooperatives and 48 relatively inexperienced commercial companies represent the real beginning of post-construction operations workload in the telephone program.

Improvements in Administration. The most outstanding aspect of management improvement activities during the past fiscal year was the extensive reorganization of REA to meet better the needs and changing requirements of the electric and telephone programs and to provide a better integrated

and more efficient basis for carrying on REA relations with borrowers. Other recent examples of improvements are (1) development of a new subject-matter classification system for classifying REA policies, procedures, and related materials issued for the administration and execution of the Agency's programs; (2) reduction of REA engineering services in the electric program and transfer of the responsibilities to the borrowers; (3) transfer of responsibility to borrowers for large power contracts; (4) better control over the financial transactions of the Agency and provision for expeditiously obtaining financial data relating to both lending and administrative activities, with a minimum of time and materials, achieved through development of a new chart of accounts which combines under one system all accounting for both lending and administrative operations; (5) simplification of the handling of loan accounts and a significant reduction in number of statements to borrowers through conversion of borrowers' records from a combined manual and bookkeeping machine method to punch-card tabulating equipment and standardization of methods of computing interest; (6) training supervisors for better management through a seminar-type training course conducted during the past year for a "pilot" group of REA supervisors to help them develop and keep abreast of recent developments in the field of administration and supervision; (7) initiation of a contractual research program to develop materials and equipment suitable for rural telephone systems; (8) improvements in the processing of telephone loan applications, and (9) development of a telephone engineering and construction manual.

The cumulative figures presented in the following tables show the progress of the rural electrification program since its inception in May 1935:

LOANS

Table No. I

Date	Total Net Loans All Purposes	Miles Constructed (Loan estimate)	Consumers served (Loan estimate)
June 30, 1936	$ 13,903,412	13,072	48,997
June 30, 1937	58,936,217	54,407	193,529
June 30, 1938	88,172,426	80,951	282,808
June 30, 1939	227,236,949	209,818	724,999
June 30, 1940	268,972,949	251,642	854,823
June 30, 1941	369,027,621	336,053	1,171,867
June 30, 1942	460,180,345	409,490	1,345,107
June 30, 1943	466,881,323	414,287	1,358,114
June 30, 1944	498,811,447	448,889	1,438,567
June 30, 1945	564,968,184	507,105	1,581,431
June 30, 1946	817,086,990	674,742	2,088,127
June 30, 1947	1,068,436,162	811,019	2,484,503
June 30, 1948	1,381,459,261	931,467	2,847,991
June 30, 1949	1,830,318,858	1,097,705	3,352,603
June 30, 1950	2,205,470,314	1,214,702	3,688,969
June 30, 1951	2,427,204,114	1,286,127	3,896,824
June 30, 1952	2,592,629,925	1,317,279	4,034,334

CONSTRUCTION

Table No. II

Date	Funds Advanced	Miles Energized	Consumers Connected	Total KWH Billed (Annual)
June 30, 1936	$ 823,262	400	693	a/
June 30, 1937	11,864,836	8,000	19,611	a/
June 30, 1938	60,040,810	41,736	104,528	a/
June 30, 1939	122,337,824	115,230	268,000	a/
June 30, 1940	221,287,287	232,978	549,604	311,479,000
June 30, 1941	296,395,142	307,769	779,561	566,422,777
June 30, 1942	354,616,010	369,129	981,193	893,461,286
June 30, 1943	369,152,582	381,747	1,041,821	1,460,460,571
June 30, 1944	387,630,670	397,861	1,152,031	1,791,607,706
June 30, 1945	427,366,738	424,072	1,287,347	2,066,121,706
June 30, 1946	514,619,844	474,837	1,549,057	2,185,149,697
June 30, 1947	704,705,701	546,781	1,843,351	2,861,024,042
June 30, 1948	950,941,658	666,156	2,263,869	4,016,273,673
June 30, 1949	1,272,228,526	839,685	2,778,180	5,474,001,598
June 30, 1950	1,558,887,178	1,018,336	3,251,787	6,973,694,936
June 30, 1951	1,827,017,836	1,134,498	3,547,323	8,737,816,038
June 30, 1952	2,054,591,865	1,210,473	3,769,426	10,603,286,075

a/ Not available.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS
AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Flood Prevention, Agriculture (Rural Electrification Administration) For expenses in connection with planning the agricultural phases of the development of Arkansas-White-Red River, New England-New York Areas	$6,200	$6,000	$12,000
Mutual Security (Allocation to Agriculture)(Rural Electrification Administration) For expenses in connection with foreign trainee program	4,555	2,704	- -
Working Funds, Agriculture, General, (Rural Electrification Administration) Advanced from: Department of State For expenses incident to foreign trainee program	- -	1,800	- -
Obligations under Reimbursements from Governmental and Other Sources: Salaries and Expenses	12,731	2,000	2,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS.....	23,486	12,504	14,000

FARMERS' HOME ADMINISTRATION

Purpose Statement

The Farmers' Home Administration, established on November 1, 1946 pursuant to the Farmers' Home Administration Act of 1946, approved August 14, 1946, is now authorized to perform the following activities:

1. Make direct farm ownership loans to farm tenants, farm laborers, sharecroppers and other individuals for the purchase, enlargement or development of family size farms. Loans, at 4% interest amortized over 40 years, are made in amounts up to the normal value of a farm as improved based on long-term earning capacity values.

2. Insure 40 year farm ownership loans made by private lenders up to 90 percent of the normal value of the farm and necessary improvements at 3 percent interest plus a 1 percent insurance change (1/2 of one per cent available to the insurance fund and 1/2 of one per cent available for administrative expenses). Insured loans are for the same purposes and to the same classes of individuals eligible for direct farm ownership loans.

3. Make production and subsistence loans to farmers and stockmen for farm operating expenses and for other farm needs including the refinancing of indebtedness and family subsistence. Loans are made up to $7,000 for 1 to 7 years at 5 per cent interest with a limit of $10,000 on the total indebtedness of any farmer.

4. Make loans for the construction, repair, or improvement of water facilities in the arid and semiarid areas of the 17 Western States. These loans are made at 3 per cent interest for periods up to 20 years to individuals and groups to provide domestic or irrigation water supply. Engineering assistance is given in planning and installing farmstead and irrigation facilities.

5. Make loans and grants to farm owners for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings. Also loans for the enlargement or development of farms to farm owners receiving loans and grants for farm dwellings and other farm buildings. Loans are made for periods up to 33 years at 4 per cent interest under authority of Title V of the Housing Act of 1949 as amended.

6. Make emergency loans to farmers and stockmen in areas where a production disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, or other responsible sources. Also make loans to bona fide fur farmers needing credit, unobtainable from commercial banks, cooperative lending agencies or other responsible sources, in order to carry on their present fur farming operations. Production disaster loans are made at 3 percent and fur loans at 5 percent interest rates for periods consistent with the anticipated ability of the borrower to repay.

The total outstanding principal indebtedness on fur loans may not exceed $4,000,000 at any one time. The authority to make loans to fur farmers expires on June 30, 1953.

Supervisory assistance in planning and carrying out sound farm and home operations is provided all borrowers on the basis of their individual problems and needs. No loans are made to anyone who can secure adequate credit from other sources at reasonable rates. A local county committee of 3 (2 of whom must be farmers) is required to approve each applicant and each loan. In the case of farm ownership loans, they certify to the normal long-time earning capacity value of the farm and in the case of farm housing loans, certify as to the normal market value.

On July 1, 1952, the Administration was servicing the accounts of about 385,000 individual borrowers with outstanding indebtedness of $665,000,000 principal and interest.

The Farmers' Home Administration maintains its central office in Washington with program activities decentralized to 40 State offices (a few of which service two or more States), 1,606 county offices, and 4 area finance offices. The Farmers' Home Administration, on November 30, 1952, had 6,314 full-time employees, 303 of whom are in Washington, and the balance in the field, and 9,439 State and county committeemen who are part-time employees paid an average of 8 to 10 days a year.

	Appropriated, 1953	Revised Budget Estimate, 1954	
Borrowing authorizations:			
Farm ownership and farm housing	$38,000,000	~~$38,000,000~~	35,500,000
Production and subsistence	120,000,000	~~120,000,000~~	117,500,000
Water facilities	6,000,000	7,000,000	
Appropriated funds:			
Grants (Farm housing program) a/	97,562	a/ ~~80,000~~	---
Salaries and expenses	29,340,042	~~29,400,000~~	27,600,000
Total	193,437,604	~~194,480,000~~	187,600,000

a/Estimated unobligated balance available from prior year appropriation.

(Revised)

(a) Loan Authorizations
(Authorization to borrow from Treasury)

Appropriation Act, 1953	$164,000,000
Revised Budget Estimate, 1954	160,000,000
Decrease	- 4,000,000

SUMMARY OF INCREASES AND DECREASES, 1954

Farm ownership and farm housing loans	-$2,500,000
Production and subsistence loans	-2,500,000
Water facilities loans	+1,000,000

PROJECT STATEMENT
(On the basis of available funds)

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
Loan Authorizations				
1. Farm ownership and farm housing loans	$40,063,371	$38,000,000	-$2,500,000(1)	$35,500,000
2. Production and subsistence loans	109,998,343	120,000,000	-2,500,000(2)	117,500,000
3. Water facilities loans ..	4,999,308	6,000,000	+1,000,000(3)	7,000,000
Total loans	155,061,022	164,000,000	-4,000,000	160,000,000
Unobligated balance	3,552	- -	- -	- -
Total available or estimate	155,064,574	164,000,000	-4,000,000	160,000,000
Prior year balance available	-2,064,574	- -		
Total appropriation or estimate	153,000,000	164,000,000		

INCREASES AND DECREASES

A net decrease of $4,000,000 in borrowing authorization, as follows:

(1) A decrease of $2,500,000 in the authorization for farm ownership and farm housing loans, to be applied to farm housing loans.

Explanation of Decrease: The amount of $38,000,000 available in 1953 is being allocated evenly between the two types of loans with $19,000,000 available for each. The decrease of $2,500,000 for 1954 is identified as a reduction to $16,500,000 for farm housing loans. This is generally in keeping with the policy of curtailing Federal Government housing activities, both urban and rural. The number of applicants receiving loans will be reduced by about 420 to an estimated total of 2,830 loans in 1954 compared to 3,250 in 1953.

(2) A decrease of $2,500,000 in production and subsistence loans.

Explanation of Decrease: Most borrowers receiving production and subsistence loans are operating under a farm and home plan involving major changes in the farming operation. Loans are made for periods up to seven years. Supplemental advances are used in many cases to supply capital for livestock and equipment as such additions are needed to complete the changes in the farm organization. Supplemental advances are also used in many instances to supply operating expenses during the reorganization period. Borrowers are encouraged to seek this supplemental financing from other lenders when lenders can be found who will supply the credit on reasonable terms. Borrowers are also required to refinance, with other lenders, their entire operating loan indebtedness whenever this can be accomplished. These two features, plus the fact that recent changes in legislation have resulted in new borrowers being more adequately financed with the initial advance probably will reduce the need for supplementary loan advances in 1954. If this proves to be true, the entire decrease for 1954 can be absorbed in supplemental loans and no change in the number of new borrowers assisted will result.

(3) Increase of $1,000,000 for water facilities loans to provide an additional 160 loans to individuals and 10 loans to groups unable to obtain satisfactory credit from other sources.

Need for Increase: The demand for water facilities loans continues to increase throughout the arid and semiarid areas of the 17 western states. During the fiscal years 1948 to 1952 the number of applications for water facilities loans received from individuals and groups as well as the number of loans made, together with estimates for 1953 and 1954, are as follows:

Fiscal Year	Individuals: Number of Applications Received During Year	Individuals: Number of Applications For Consideration During Year, Including Prior Year Carry-over	Individuals: Number of New Loans Made
1948	1,905	2,408	776
1949	2,105	2,851	751
1950	3,262	4,318	1,192
1951	2,664	4,220	1,340
1952	2,885	4,007	1,150
1953 (Est.)	3,109	4,085	1,070
1954 (Est.)	3,150	4,200	1,230

Fiscal Year	Groups: Number of Applications Received During Year	Groups: Number of Applications For Consideration During Year, Including Prior Year Carry-over	Groups: Number of New Loans Made
1948	46	110	17
1949	71	132	8
1950	105	169	16
1951	63	147	24
1952	115	187	33
1953 (Est.)	122	215	50
1954 (Est.)	125	215	60

It has been possible to serve only a small portion of the applicants with the loan funds available. In the fiscal year 1952, only 40% of the individuals and 30% of the groups applying for loans could be assisted with funds available.

In the past five fiscal years the average size of loans has increased substantially. The primary reason for this trend is the increased cost of installation of all types of water facilities. The average size of initial water facilities loans made to individuals and groups during the fiscal years 1948 to 1952 is as follows:

Fiscal Year	Average Size of Loans: Individuals	Average Size of Loans: Groups
1948	$1,477	$16,164
1949	1,617	15,936
1950	1,934	31,491
1951	2,259	32,710
1952	3,053	35,815

The primary reasons for the continued increase in demand for water facilities loans are:

A. Lack of Credit from Normal Sources. Credit from normal sources in the area is not generally available to farmers for the installation of needed water facilities. Farmers who need to make such installations generally do not have sufficient equities in their real and chattel property to meet the security requirements of banks and cooperative credit sources.

Also many farmers are unable to meet the repayment terms of banks and cooperative lenders. When a water facilities installation is needed it is usually necessary to do some major land development and to make a major reorganization of the farming operations. In these instances it is several years before the farm unit is fully developed and the operating costs during this period are higher than normal. As a result, farmers are unable to meet the repayment terms of other credit sources. However, with farm units properly developed and organized, these farmers can repay the costs of water facilities installations over a reasonable period of time. In addition, commercial banks and other lenders hesitate to make loans for installation of facilities without assurance that the borrowers will have adequate engineering advice and assistance in the planning and the installation of the facilities. Such technical services are often not available to farmers and are not provided by these lenders.

B. Adverse Weather Conditions. Prolonged drought in large areas of the 17 western states has caused an increased demand for the installation of both irrigation and farmstead water facilities. Many dry land farmers in these areas have suffered substantial crop and livestock losses and are unable to obtain credit from the normal sources to install necessary water facilities. With the installation of such facilities they will be able to establish new farming enterprises, improve present enterprises and follow recommended practices so that their income will be stabilized and increased.

In addition, floods in certain areas of the west have seriously damaged many present water facilities installations. As a result, many requests are being received from individuals and groups who are unable to obtain credit from local sources to repair or rehabilitate existing facilities.

C. Increased Demand from New Settlers on Reclamation Projects. With the relatively large number of farm units that have become available on Reclamation projects in recent years and of those that are now becoming available, there is an increasing demand for water facilities loans from new settlers on such farms. Because of the high investment required to become properly established in farming, and because a large number of these individuals are veterans or young farmers who have not

had an opportunity to acquire substantial equities in farm property, they are unable to obtain the necessary credit from normal sources to provide farmstead water for the family and livestock and to install secondary ditches, pipelines, sprinkler systems, and to do the land development which will permit them to utilize water from the main canals for irrigation purposes.

D. Increased Demand for Group Facilities. There has been a heavy demand from water associations in the inter-mountain area of the west for credit to repair, expand and rehabilitate existing irrigation facilities to more adequately serve the needs of the members. Likewise, there has been an increased demand for credit from groups to establish domestic facilities which will provide water for the family and livestock. The establishment or expansion of livestock enterprises to accomplish the most desirable organization of farm enterprises within presently irrigated areas are often dependent upon the installation of domestic water facilities. In some dairy producing areas, adjustments to comply with health standards for the marketing of milk in metropolitan centers can be made only after the installation of community domestic water facilities. Furthermore, large numbers of farmers can be served by these group facilities, often at a reduced cost per farm.

In some instances it is possible to provide domestic water on a group basis where the cost on an individual basis would be prohibitive. This greater demand from groups is reflected in the increased number of applications shown above, and it is expected that this trend will continue in 1954.

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed with brackets):

To carry into effect the provisions of titles I, II, and the related provisions of title IV of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1000-1031) [, the Act of August 23, 1951 (Public Law 123)]; the Farmers' Home Administration Act of 1946 * * *; the provisions of title V of the Housing Act of 1949 (42 U.S.C. 1471-1483), as amended by the Housing Act of 1952 (Public Law 531, approved July 14, 1952), relating to financial assistance for farm housing [(42 U.S.C. 1471-1483)]; the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U.S.C. 440-444); and the Act to direct the Secretary of Agriculture to convey certain mineral interests, approved September 6, 1950 (7 U.S.C. 1033-1039), as follows:

LOAN AUTHORIZATION

For loans * * *: Title I and section 43 of title IV of the Bankhead-Jones Farm Tenant Act, as amended, and title V of the Housing Act of 1949, as amended, (except grants under 504 (a)),* * *, for loans in reclamation projects and to entrymen on unpatented public land (sums available for loans under title V of the Housing Act of 1949, as amended, to remain available until expended);* * *

The proposed changes in language indicated above are for the purpose of incorporating reference to the Act approved July 14, 1952 (Public Law 531), amending Title V of the Housing Act of 1949 which extends authorizations to borrow from the Secretary of the Treasury through fiscal year 1954; and correcting citations to substantive legislation.

(b) Salaries and Expenses

Appropriation Act, 1953		$29,350,000
Reductions pursuant to:		
Section 411	$1,128	
Section 412	8,830	-9,958
Transfer from Farm Tenant-Mortgage Insurance Fund		233,000
Total available, 1953, and base for 1954		29,573,042
Revised Budget Estimate, 1954:		
Direct appropriation	27,600,000	
Transfer from Farm Tenant-Mortgage Insurance Fund	285,000	
Total available, 1954		27,885,000
Decrease		-1,688,042

SUMMARY OF INCREASES AND DECREASES, 1954

Decrease in appropriation for administrative and operating costs based on elimination of home management technical assistance, reduced loan activity and increased efficiency	-1,740,042
Increase in transfer from Farm Tenant-Mortgage Insurance Fund in connection with making and servicing additional insured mortgage loans	+52,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
Administration of loan, grant, and insured mortgage programs	$29,482,401	$29,573,042	-$1,688,042(1)	$27,885,000
Unobligated balance	121,099	- -	- -	- -
Total available	29,603,500	29,573,042	-1,688,042	27,885,000
Deduct transfer from: "Farm Tenant-Mortgage Insurance Fund"	208,000	233,000	+52,000	285,000
Subtotal	29,395,500	29,340,042	-1,740,042	27,600,000
Reductions pursuant to Sections 411 and 412	- -	+9,958		
Total appropriation or estimate	29,395,500	29,350,000		

INCREASES AND DECREASES

(1) A net decrease of $1,688,042 in this item for 1954 consisting of the following:

(a) A decrease of $1,740,042 in direct appropriation for salaries and expenses based on the elimination of home management technical assistance ($760,000), and reduced loan activity and increased efficiency of operations ($980,042).

The Farmers' Home Administration in recent years has employed a limited number of home economists in State and county offices to assist county supervisory employees in integrating family living into the total supervised credit program, and to assist individual borrower families in the solution of problems in food production and conservation, family money management and other problems relating to the farm and home. It is proposed to discontinue this specialized assistance in 1954 at a savings of approximately $760,000.

General reductions in personal services and other costs are proposed in 1954 at a savings of $980,042. This reduction would be applied through a reduction of personnel at all administrative levels. Larger percentage reductions would be realized in the National, Area Finance and State Offices than in the County Offices. The approximate reduction in average employment by levels below the 1953 Budget is as follows: 9.4 percent in the National Office, 6.4 percent in the Area Finance Offices, 4.7 percent in the State Offices and 4.6 percent in the County Offices. The proposed reductions will increase the workloads in each of these offices considerably but the increased workload probably can be absorbed through increased efficiency and through the elimination or consolidation of some functions.

Some individual county offices will be eliminated and the territories served consolidated with adjoining offices. However, it is proposed that such consolidations be held to a minimum in order to avoid creating offices with such large areas that promptness of service to applicants and borrowers is seriously retarded.

(b) An increase of $52,000 by transfer of receipts from the "Farm Tenant-Mortgage Insurance Fund" to provide a portion of the cost of insuring loan and servicing loans outstanding in 1954.

It is estimated that about 1,090 loans will be insured and that about 7,200 insured loans will be outstanding and require servicing during the fiscal year 1954. The Farmers' Home Administration Act provides that the Government is responsible for the collection and servicing of insured mortgages and the remittance of collections to the mortgagees. Provision is made for fees for inspection and appraisal and for an initial charge and a charge each year thereafter of one-half of one percent, to be used for administrative expenses relating to mortgage insurance. It is estimated that such collections in 1953 will provide $285,000 to be used for these expenses in 1954. This is an increase of $52,000 over the amount available in 1953.

The appropriation language for the item "Salaries and expenses" provides for a transfer to this appropriation of not to exceed a specific sum each year, representing appraisal fees and one-half the mortgage insurance charges available for administrative expenses in connection with the farm tenant-mortgage insurance program. The General Accounting Office audit report on the Farmers' Home Administration for the fiscal year 1951 points out that "the administration (FHA) is of the opinion that the costs greatly exceed the amount of the income, but these expenses have not been segregated in its records, and, therefore, we have been unable to determine that the collections have been used in the manner prescribed by law." As has been discussed with the Appropriations Committees on several occasions, it was the Department's opinion from the beginning that these fees would not cover the total expenses of the mortgage insurance program, and authority has been provided in the appropriation item each year for meeting such expenses. By merging the proceeds from the fees with the appropriatedfunds it has been possible to avoid the administrative costs of segregating the transferred funds in the accounting records. It has been consistently evident to the Farmers' Home Administration that these costs exceed the amount transferred, and it is not believed that an accounting segregation would be necessary or desirable. The Farmers' Home Administration will continue to analyze the costs of each of its several loan programs for management purposes and believes that this should be adequate assurance that the mortgage insurance fees transferred to the salaries and expenses appropriation are not in excess of the costs of that program.

UNITED STATES DEPARTMENT OF AGRICULTURE
Farmers Home Administration

Farm Ownership Loans

Applications:

Fiscal Year	New Applications Received	Applications for Consideration During Year
1947	62,540	113,551
1948	36,950	90,485
1949	44,720	79,676
1950	51,238	92,482
1951	37,214	82,324
1952	32,394	66,300

Loans Made:

Fiscal Year	Direct Loans		Insured Loans	
	Number New	Total Amount	Number New	Total Amount
1949	11,906	$14,997,585	1,181	$8,116,155
1950	1,747	14,998,526	2,268	17,125,004
1951	2,076	22,270,029	2,205	17,870,799
1952	1,550	18,999,414	1,131	10,772,950
1953 Est.	1,474	19,000,000	1,090	11,000,000

Collections on Direct Loans Compared with Obligations

Fiscal Year	Direct Loan Obligations	Prin. and Int. Collections
1949	$14,997,585	$25,900,895
1950	14,998,526	22,475,817
1951	22,270,029	27,351,841
1952	19,000,000	27,586,151
1953 Est.	19,000,000	27,600,000

Prepared for House Hearings
by B & F Program Analyst
1-15-53

(a) Loan Authorizations
(Authorization to borrow from Treasury)

Appropriation Act, 1953	$164,000,000
Budget Estimate, 1954	165,000,000
Increase (for additional water facilities loans)	+1,000,000

PROJECT STATEMENT
(On the basis of available funds)

Project	1952	1953 (estimated)	Increase	1954 (estimated)
Loan Authorizations				
1. Farm ownership and farm housing loans ...	$40,063,371	$38,000,000	- -	$38,000,000
2. Production and subsistence loans	109,998,343	120,000,000	- -	120,000,000
3. Water facilities loans	4,999,308	6,000,000	+$1,000,000 (1)	7,000,000
Total loans	155,061,022	164,000,000	+1,000,000	165,000,000
Unobligated balance	3,552	- -	- -	- -
Total available or estimate	155,064,574	164,000,000	+1,000,000	165,000,000
Prior year balance available	-2,064,574	- -		
Total appropriation or estimate	153,000,000	164,000,000		

Why not use SCS engineers.

INCREASE

(1) Increase of $1,000,000 for water facilities loans to provide an additional 160 loans to individuals and 10 loans to groups unable to obtain satisfactory credit from other sources.

Need for Increase: The demand for water facilities loans continues to increase throughout the arid and semiarid areas of the 17 western states. During the fiscal years 1948 to 1952 the number of applications for water facilities loans received from individuals and groups as well as the number of loans made, together with estimates for 1953 and 1954, are as follows:

	Individuals		
Fiscal Year	Number of Applications Received During Year	Number of Applications For Consideration During Year, Including Prior Year Carry-over	Number of New Loans Made
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1951	2,664	4,220	1,340
1952	2,885	4,007	1,150
1953 (Est.)	3,109	4,085	1,070
1954 (Est.)	3,150	4,200	1,230

Fiscal Year	Groups: Number of Applications Received During Year	Groups: Number of Applications For Consideration During Year, Including Prior Year Carry-over	Number of New Loans Made
1948	46	110	17
1949	71	132	8
1950	105	169	16
1951	63	147	24
1952	115	187	33
1953 (Est.)	122	215	50
1954 (Est.)	125	215	60

It has been possible to serve only a small portion of the applicants with the loan funds available. In the fiscal year 1952, only 40% of the individuals and 30% of the groups applying for loans could be assisted with funds available.

In the past five fiscal years the average size of loans has increased substantially. The primary reason for this trend is the increased cost of installation of all types of water facilities. The average size of initial water facilities loans made to individuals and groups during the fiscal years 1948 to 1952 is as follows:

Fiscal Year	Average Size of Loans: Individuals	Average Size of Loans: Groups
1948	$1,477	$16,164
1949	1,617	15,936
1950	1,934	31,491
1951	2,259	32,710
1952	3,053	35,815

The primary reasons for the continued increase in demand for water facilities loans are:

A. Lack of Credit from Normal Sources. Credit from normal sources in the area is not generally available to farmers for the installation of needed water facilities. Farmers who need to make such installations generally do not have sufficient equities in their real and chattel property to meet the security requirements of banks and cooperative credit sources.

Also many farmers are unable to meet the repayment terms of banks and cooperative lenders. When a water facilities installation is needed it is usually necessary to do some major land development and to make a major reorganization of the farming operations. In these instances it is several years before the farm unit is fully developed and the operating costs during this period are higher than normal. As a result, farmers are unable to meet the repayment terms of other credit sources. However, with farm units properly developed and organized, these farmers can repay the costs of water facilities installations over a reasonable period of time. In addition, commercial banks and other lenders hesitate to make loans for installation of facilities

without assurance that the borrowers will have adequate engineering advice and assistance in the planning and the installation of the facilities. Such technical services are often not available to farmers and are not provided by these lenders.

B. Adverse Weather Conditions. Prolonged drought in large areas of the 17 western states has caused an increased demand for the installation of both irrigation and farmstead water facilities. Many dry land farmers in these areas have suffered substantial crop and livestock losses and are unable to obtain credit from the normal sources to install necessary water facilities. With the installation of such facilities they will be able to establish new farming enterprises, improve present enterprises and follow recommended practices so that their income will be stabilized and increased.

In addition, floods in certain areas of the west have seriously damaged many present water facilities installations. As a result, many requests are being received from individuals and groups who are unable to obtain credit from local sources to repair or rehabilitate existing facilities.

C. Increased Demand from New Settlers on Reclamation Projects. With the relatively large number of farm units that have become available on Reclamation projects in recent years and of those that are now becoming available, there is an increasing demand for water facilities loans from new settlers on such farms. Because of the high investment required to become properly established in farming, and because a large number of these individuals are veterans or young farmers who have not had an opportunity to acquire substantial equities in farm property, they are unable to obtain the necessary credit from normal sources to provide farmstead water for the family and livestock and to install secondary ditches, pipelines, sprinkler systems, and to do the land development which will permit them to utilize water from the main canals for irrigation purposes.

D. Increased Demand for Group Facilities. There has been a heavy demand from water associations in the inter-mountain area of the west for credit to repair, expand and rehabilitate existing irrigation facilities to more adequately serve the needs of the members. Likewise, there has been an increased demand for credit from groups to establish domestic facilities which will provide water for the family and livestock. The establishment or expansion of livestock enterprises to accomplish the most desirable organization of farm enterprises within presently irrigated areas are often dependent upon the installation of domestic water facilities. In some dairy producing areas, adjustments, to comply with health standards for the marketing of milk in metropolitan centers can be made only after the installation of community domestic water facilities. Furthermore, large numbers of farmers can be served by these group facilities, often at a reduced cost per farm.

In some instances it is possible to provide domestic water on a group basis where the cost on an individual basis would be prohibitive. This greater demand from groups is reflected in the increased number of applications shown above, and it is expected that this trend will continue in 1954.

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed with brackets):

To carry into effect the provisions of titles I, II, and the related provisions of title IV of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1000-1031) [, the Act of August 23, 1951 (Public Law 123)]; the Farmers' Home Administration Act of 1946 * * *; the provisions of title V of the Housing Act of 1949 (42 U.S.C. 1471-1483), as amended by the Housing Act of 1952 (Public Law 531, approved July 14, 1952), relating to financial assistance for farm housing [(42 U.S.C. 1471-1483)]; the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U.S.C. 440-444); and the Act to direct the Secretary of Agriculture to convey certain mineral interests, approved September 6, 1950 (7 U.S.C. 1033-1039), as follows:

LOAN AUTHORIZATION

For loans * * *: Title I and section 43 of title IV of the Bankhead-Jones Farm Tenant Act, as amended, and title V of the Housing Act of 1949, as amended, (except grants under 504 (a)), * * *, for loans in reclamation projects and to entrymen on unpatented public land (sums available for loans under title V of the Housing Act of 1949, as amended, to remain available until expended); * * *

The proposed changes in language indicated above are for the purpose of incorporating reference to the Act approved July 14, 1952 (Public Law 531), amending Title V of the Housing Act of 1949 which extends authorizations to borrow from the Secretary of the Treasury through fiscal year 1954; and correcting citations to substantive legislation.

(b) Salaries and Expenses

Appropriation Act, 1953		$29,350,000
Reductions pursuant to:		
Section 411	$1,128	
Section 412	8,830	-9,958
Transfer from Farm Tenant-Mortgage Insurance Fund.....		233,000
Total available, 1953, and base for 1954		29,573,042
Budget Estimate, 1954:		
Direct appropriation	29,400,000	
Transfer from Farm Tenant-Mortgage Insurance Fund	285,000	
Total available, 1954		29,685,000
Increase		+111,958

SUMMARY OF INCREASES, 1954

Increase for administrative and technical service costs in connection with an enlarged water facilities loan program	+ 59,958
Increase in transfer from Farm Tenant-Mortgage Insurance Fund in connection with making and servicing additional insured mortgage loans	+ 52,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 (estimated)
Administration of loan, grant, and insured mortgage programs	$29,482,401	$29,573,042	+$111,958(1)	$29,685,000
Unobligated balance	121,099	- -	- -	- -
Total available	29,603,500	29,573,042	+111,958	29,685,000
Deduct transfer from: "Farm Tenant-Mortgage Insurance Fund"	208,000	233,000	+ 52,000	285,000
Subtotal	29,395,500	29,340,042	+ 59,958	29,400,000
Reductions pursuant to Sections 411 and 412	- -	+9,958		
Total appropriation or estimate	29,395,500	29,350,000		

INCREASE

(1) The increase of $111,958 in this item for 1954 consists of the following:

(a) An increase of $59,958 in direct appropriation for making and servicing during the first year, the additional water facilities loans estimated for 1954.

Additional personnel will be required to make and service the increased number of water facilities loans estimated for 1954. Many of the 160 loans to individuals and 10 loans to groups, which it is estimated can be made with the $1,000,000 increase in loan funds, will involve irrigation works

requiring specialized assistance in planning and installing the facility. All applicants for water facilities loans are provided with engineering and other technical assistance as needed to assure the soundness of the facility. A portion of the increase of $59,958 will be used to employ additional county office personnel who are primarily responsible for making the loans and servicing the loans outstanding.

(b) An increase of $52,000 by transfer of receipts from the "Farm Tenant-Mortgage Insurance Fund" to provide a portion of the cost of insuring loans and servicing loans outstanding in 1954.

It is estimated that about 1,090 loans will be insured and that about 7,200 insured loans will be outstanding and require servicing during the fiscal year 1954. The Farmers' Home Administration Act provides that the Government is responsible for the collection and servicing of insured mortgages and the remittance of collections to the mortgagees. Provision is made for fees for inspection and appraisal and for an initial charge and a charge each year thereafter of one-half of one percent, to be used for administrative expenses relating to mortgage insurance. It is estimated that such collections in 1953 will provide $285,000 to be used for these expenses in 1954. This is an increase of $52,000 over the amount available in 1953.

The appropriation language for the item "Salaries and expenses" provides for a transfer to this appropriation of not to exceed a specific sum each year, representing appraisal fees and one half the mortgage insurance charges available for administrative expenses in connection with the farm tenant-mortgage insurance program. The General Accounting Office audit report on the Farmers' Home Administration for the fiscal year 1951 points out that "the administration (FHA) is of the opinion that the costs greatly exceed the amount of the income, but these expenses have not been segregated in its records, and, therefore, we have been unable to determine that the collections have been used in the manner prescribed by law." As has been discussed with the Appropriations Committees on several occasions, it was the Department's opinion from the beginning that these fees would not cover the total expenses of the mortgage insurance program, and authority has been provided in the appropriation item each year for meeting such expenses. By merging the proceeds from the fees with the appropriated funds it has been possible to avoid the administrative costs of segregating the transferred funds in the accounting records. It has been consistently evident to the Farmers' Home Administration that these costs exceed the amount transferred, and it is not believed that an accounting segregation would be necessary or desirable. The Farmers' Home Administration will continue to analyze the costs of each of its several loan programs for management purposes and believes that this should be adequate assurance that the mortgage insurance fees transferred to the salaries and expenses appropriation are not in excess of the costs of that program.

CHANGE IN LANGUAGE

The estimates include a proposed change in language as follows (new language underscored):

SALARIES AND EXPENSES

> For the making, servicing, and collecting of loans and insured mortgages, *** the extension of financial assistance under the Housing Act of 1949, as amended, and the administration of assets transferred under subsection 2(f) of the Act of May 3, 1950 ***.

This change is for the purpose of incorporating reference to the Act approved July 14, 1952 (Public Law 531) amending Title V of the Housing Act of 1949 which extends authorizations to borrow from the Secretary of the Treasury for loans through fiscal year 1954.

(c) Grants

Appropriation Act, 1953..... - -
Budget Estimate, 1954 ..... - -

Note: On an available funds basis, it is estimated that $97,562 will be available in fiscal year 1953 and there will be no available balance for 1954.

SUMMARY OF DECREASES, 1954

(On the basis of available funds)

Decrease in funds available for farm housing improvement grants (1952 actual obligations and 1953 estimated obligations are from the unobligated balances of the 1951 appropriation) ..... -$97,562

PROJECT STATEMENT

(On the basis of available funds)

Project	1952	1953 (estimated)	Decrease	1954 Revised (estimated)
1. Farm housing improvement grants	$91,211	$97,562	-$97,562	- -
Prior year balance available	-268,773	-177,562	+177,562	- -
Balance available in subsequent year	+177,562	- -	- -	- -
Unobligated balance and savings	- -	+80,000	-80,000	- -
Total appropriation or estimate	- -	- -	- -	- -

(c) Grants

Appropriation Act, 1953 ..... - -
Budget Estimate, 1954 ..... - -

Note: On an available funds basis, it is estimated that $97,562 and $80,000 will be available in fiscal years 1953 and 1954, respectively, from prior year balances.

SUMMARY OF DECREASES, 1954

(On the basis of available funds)

Decrease in funds available for farm housing improvement grants (1952 actual obligations and 1953 and 1954 estimated obligations are from the unobligated balances of the 1951 appropriation ..... -17,562

PROJECT STATEMENT

(On the basis of available funds)

Project	1952	1953 (estimated)	Decrease	1954 (estimated)
1. Farm housing improvement grants	$91,211	$97,562	-$17,562	$80,000
Prior year balance available	-268,773	-177,562	+97,562	-80,000
Balance available in subsequent year	+177,562	+80,000	-80,000	- -
Total appropriation or estimate	- -	- -	- -	- -

STATUS OF PROGRAM

Direct and Insured Farm Ownership Loans and Farm Housing Loans and Grants

Title I of the Bankhead-Jones Farm Tenant Act as amended authorizes direct and insured farm ownership loans for the purchase and improvement of family-type farms and for the enlargement and improvement of undersized and under-developed farms. Title V of the Housing Act of 1949 as amended, authorizes loans and grants to owners of farms for the construction, improvement, alteration, repair or replacement of dwellings and other farm buidlings. Loans for enlargement and development are also authorized on certain farms receiving loans for buildings.

A total of $38,000,000 was authorized in 1952 for direct farm ownership and farm housing loans. This amount was allocated between the programs as follows: $19,000,616 for farm ownership loans and $18,999,384 for farm housing loans. There was also available in 1952 for farm housing loans $2,064,574 unobligated from the 1951 borrowing authorization. Within the total of $19,000,616 for farm ownership loans, $2,270,300 was allocated exclusively for loans to settlers on reclamation projects. The balance of $16,730,316 was made available among the states and territories in accordance with the statutory formula for distribution of funds based on farm population and prevalence of tenancy.

The Department of Agriculture Appropriation Act, 1953, again makes $38,000,000 available for farm ownership and farm housing loans. The initial distribution of the 1953 borrowing authorization allocates $19,000,000 for farm ownership loans and $19,000,000 for farm housing loans. The farm ownership loan allocation includes $2,300,000 for loans on reclamation projects.

Direct and Insured Farm Ownership Loans

Record high and sustained agricultural production is required to meet the needs of a rapidly growing population, the demands resulting from an accelerated defense program and the necessity of providing aid for foreign countries. Most of this increased production must come from better utilization of our present acreage since new lands which may be brought into production are limited. The Farm Ownership program, particularly through its emphasis on its farm enlargement and development loans, can make a substantial contribution to the increased and sustained production of agricultural commodities through the extension of credit to stabilize ownership and promote more efficient use of land and labor resources.

Through the Farm Ownership program eligible farm tenants, sharecroppers and farm laborers may purchase family-type farms and the owners of under-size or under-developed farms may enlarge their farms or develop them into efficient family-type farm units. Preference is given to veterans and special provisions are made for loans to disabled veterans. Farm ownership loans are available only to those farm families unable to obtain credit at reasonable rates and terms from other sources.

In addition to credit, borrowers are provided with practical on-the-farm guidance as required to assist them in making adequate and economical improvements to their farms and farm buildings and to assist in adopting improved farm and home management practices and making other adjustments necessary to place their farming operations on a sound and profitable basis. These loans, together with assistance and on-the-farm guidance are designed to help farmers become established on farms and develop efficient farm and home operations which adequately utilize their land and labor resources.

1. Source of Funds: Direct loans are made from Federal funds in amounts up to 100% of the value of the farm and necessary repairs and improvements. Similar loans made by private lenders may be fully insured by the Government up to 90% of the value of the farm and necessary repairs and improvements.

2. Terms of Loans: Loans are amortized over a 40-year period and deferment of payments may be made to the end of the second full crop year where basic adjustments required in placing the farm in operation will result in little cash beyond that needed for operating and family living expenses during the early years of development. On loans made since June 19, 1948, direct loan borrowers pay 4% interest and insured loan borrowers pay 3% interest plus 1% annual mortgage insurance charge. Borrowers are required to refinance their loans with responsible private or cooperative credit sources whenever they are able to obtain such refinancing at reasonable rates and terms. Provision is made, however, in the case of insured mortgage loans for the holder of the insured mortgage to retain a loan that could be refinanced by other lending institutions until such time as the holder may be able to refinance the loan on an uninsured basis under laws or regulations to which he may be subject. Provision is made for the purchase of nondelinquent insured mortgages expected after January 1, 1952, from private lenders after an initial fixed period of not less than 5 years from the date of the insured mortgage. Before that date the period of waiting was 7 years. Such purchases are made from the Farm Tenant-Mortgage Insurance Fund established for the purposes of paying losses, etc.

3. Types of Loans:

   Farm ownership loans are of three types:

   A. Tenant purchase loans to buy and develop efficient family-type farms.

   B. Farm enlargement loans to buy additional land to convert under-sized units into efficient family-type farms.

   C. Farm development loans to develop under-improved units into efficient family-type farms.

4. Limitations on Loans: Loans are limited by statute to farms which have a value as acquired, enlarged, or improved not in excess of the average value of efficient family-type farm management units in the county where the loan is made. As an additional limitation, it has been determined administratively that loans between $12,000 and

$15,000 must have special authorization by the State Director and loans in which the investment will be in excess of $15,000 must have special authorization by the Administrator. To protect the borrowers against purchase of farms at excessive values or the establishment of excessive debts for improvement, each loan must be supported by a normal earning capacity appraisal based on long-time yields, prices, and production costs made by a competent appraiser. As a further safeguard, the fair and reasonable value of each farm based upon its normal earning capacity after contemplated improvements are made is determined by a local committee composed of three men, at least two of whom are farmers. No loan may be made in excess of the amount certified by the county committee to be the fair and reasonable value of the farm.

5. Distribution of Funds: Except for a portion of direct loan funds which may be distributed in accordance with the needs of settlers on reclamation projects and to homestead entrymen on public land, the direct loan funds are distributed among the states and territories on the basis of farm population and the prevalence of tenancy. Each State is allotted a minimum of $100,000 and adjustments among states may be made to take care of applications of veterans. Seventy-five percent of the insured loan authorizations are distributed by the formula relating to farm population and prevalence of tenancy. The remaining 25% of the insured authorizations may be distributed by the Administrator in accordance with the relative needs in the various areas of the country.

6. Progress of Program:

A. Demand: During the fiscal year 1952 the demand for farm ownership loans continued at the rate of about twenty applications received for each loan approved. At the end of the fiscal year 1952, unprocessed applications on hand totalled 28,056 of which 15,854 were from veterans.

See Tables I and II for distribution by states

B. Loans: Initial farm ownership loan activity.

(1) Direct Loans

Since inception of the program in 1938 to June 30, 1952, approximately 59,248 loans for more than $380,649,018 have been made. This amount does not include non-cash loans previously made in the liquidation of rural rehabilitation projects properties which are also included as farm ownership loans on the loan accounts of the Administration. In 1952, initial loans were made to 1,550 families, including 165 initial loans made from the allocation of $2,270,300 for loans to reclamation project settlers and 1,385 loans in the states and territories under the statutory distribution formula. Consistent with the veterans' preference provision in the Farmers' Home Administration Act of 1946, 1,360 of the 1,385 loans made from funds allocated under the distribution formula were made to veterans with only

25 loans being made to non-veterans. This conforms with the ratio of direct loans made to veterans and non-veterans during the fiscal years 1950 and 1951. Continued demand from veterans during the 1953 fiscal year is expected to absorb practically all of the funds available under the distribution formula for initial loans. Of the 165 initial loans made to reclamation project settlers, 105 were to veterans. Direct loan activity from funds available under the distribution formula is shown on the following table:

Fiscal Year	Initial Veteran Loans Number	Initial Veteran Loans Amount	Percent Loans to Veterans (Number)	Total All Initial Loans Number	Total All Initial Loans Amount
1947	3,015	$23,563,496	55	5,495	$41,720,648
1948	1,448	10,524,445	79	1,829	13,422,448
1949	1,460	10,827,510	78	1,869	13,739,182
1950	1,687	13,394,955	99	1,707	13,555,439
1951	1,743	15,725,389	97	1,802	16,225,261
1952	1,360	13,982,977	98	1,385	14,175,155
1953 (Est.)	1,289	14,170,800	98	1,315	14,460,000

See Tables I, II and III for distribution by states.

(2) Insured Loans

The insured farm ownership loan program continued on a substantially restricted basis due to a "tight" money market with few private institutional lenders interested in investments of this type. During the fiscal year 1952 1,131 initial loans were insured, including 249 for veterans. Insured loan activity is shown in the following table:

Fiscal Year	Initial Veteran Loans Number	Initial Veteran Loans Amount	Percent Loans to Veterans (Number)	Total All Initial Loans Number	Total All Initial Loans Amount
1948	58	$ 357,550	17	338	$ 2,412,837
1949	316	2,020,910	28	1,149	7,937,241
1950	695	4,917,886	32	2,191	16,579,689
1951	642	4,885,460	30	2,153	17,604,210
1952	249	2,128,600	22	1,131	10,660,677
1953 (Est.)	240	2,398,000	22	1,090	10,900,000

See Tables I, II and IV for distribution by states.

The relatively low proportion of insured loans made to veterans is primarily the result of many veterans being unable to meet the 10 percent down payment requirement of the insured loan program. All applicants, whether veteran or non-veteran, are considered for insured loans before being considered for direct loans, but the down payment requirement cannot be met by many otherwise qualified veteran applicants.

C. The following table shows the number of initial tenant purchase, farm development, and farm enlargement loans in recent years, including both direct and insured loans and including loans on reclamation projects:

Fiscal Year	Tenant Purchase Loans	Farm Enlargement Loans	Farm Development Loans	Percent of No. of Total Loans Made For Enlargement And Development
1947	4,989	290	216	9.2
1948	1,724	152	291	20.4
1949	1,979	267	770	34.4
1950	2,113	427	1,358	45.8
1951	2,011	588	1,579	51.9
1952	1,120	446	1,115	58.2

Increased emphasis has been given to the making of both direct and insured loans for enlarging and developing inadequate and under-developed farms. Farm families occupying farms that are too small or lack adequate development are faced with the problem of under-employment resulting from insufficient land resources to permit efficient utilization of available family labor and managerial ability. This results in inadequate incomes. Studies of the Senate Committee on the Economic Report indicate that 1,000,000 farm families, 570,000 of which are farm owners, have inadequate land resources to provide productive employment for the available family labor. Assistance to these families in developing farms of adequate size and efficiency permits fuller use of manpower, increased production of agriculture commodities, increased income and greater economic stability. Enlargement and development loans attack in a practical and effective manner some of the most basic and difficult problems involved in strengthening family farms in America.

D. Loan Repayments:

(1) Direct Loans

From the inception of the Farm Ownership program in 1938 through March 31, 1952, a total of 65,022 families had been advanced $402,055,229 (including the value of non-cash loans) for the purchase, enlargement and development of farms. Principal payments of $215,618,793 and interest payments of $56,957,623 had been made. In addition, principal write-offs totaled $711,452 and judgments were $193,755. Interest write-offs were $60,978 and judgments were $18,258. As of March 31, 1952, cumulative scheduled installments of $60,192,175 were due from the 35,804 borrowers with outstanding loan balances, but regular principal and interest payments made on these installments were $74,116,251, which was 23 percent or $13,924,076 more than required on a scheduled amortization basis. An additional $9,973,817 in refunds and extra payments not

applied to scheduled installments were credited to these borrowers' accounts. On the same date, 22,618 borrowers were $16,838,654 ahead of schedule, an average of $744 each; 7,008 were on schedule; and 6,178 were behind schedule $2,914,578, an average of $472 each.

A total of 29,218 of the 65,022 families who had received loans had paid their loans in full as of March 31, 1952. Of this number 18,910 or about 65 percent, including 3,200 who refinanced their loans through other credit sources, continued to operate the farms acquired through this program. The remaining 10,308 fully satisfied their accounts but no longer operated the farms acquired through this program.

See Table V for distribution by states.

(2) Insured Loans

As of March 31, 1952, $48,959,533 had been advanced under the insured mortgage program to 6,308 farm families for the purchase, enlargement and development of farms. Payments by insured mortgage borrowers totaled $6,672,510 as of the same date. Of this amount, $3,817,735 represented principal payments, $2,045,361, payments on interest, and $809,414 payments to the mortgage insurance fund, including the one percent insurance charge. As of March 31, 1952, 227 insured mortgage borrowers had paid their loans in full. Of those still active, 2,852 were ahead of schedule, 2,786 were on schedule and 443 were behind schedule.

See Table VI for distribution by states.

E. Progress of Borrowers: A total of 1,853 borrowers who repaid their loans in the 1951 fiscal year and remained on their farms increased their gross cash income from an average of $1,517 to $4,936 while paying out their farm ownership loans. This is an increase of slightly more than 225 percent and amounts to more than 100 percent even after the figures are adjusted for price changes. Value of productive livestock for these borrowers increased from $886 before receiving loans to $1,955 in 1951. Value of workstock and equipment increased from $626 to $2,425. Net worth at the end of the last full crop year on the program was more than four times the net worth the year before acceptance. The families whose records are included in these figures had borrowed an average amount of $5,499, and had loan balances outstanding an average of only 7.8 years although the original notes provided for amortization of the loan over a 40-year period.

Records from 2,180 borrowers with accounts outstanding in 1951 who received loans in 1940, showed cash farm income increasing since the year before acceptance from $861 to $3,852. This is an increase of 66 percent after adjustment for price changes. Net worth for these borrowers had increased from $1,462 in 1940

to $9,063 in 1950 and value of productive livestock had increased from $528 to $2,023. More than 70 percent of these borrowers are ahead of schedule in their payments.

Farm Housing Loans and Grants

The need for record high levels of agricultural production, the marked changes both in agricultural practices and patterns of agriculture, and the growing scarcity of farm labor make adequate and appropriate farm buildings essential to efficient operations. Through the farm housing program owners of farms unable to obtain credit from other sources at rates and on terms which they can be expected to repay are assisted not only in providing decent, safe and sanitary housing for humans but also in providing adequate and appropriate farm buildings for the production of livestock and livestock products, for storage facilities, and for other essential farm uses.

1. Type of Loans and Grants: Loans and grants of the following types are made under the farm housing program.

   A. Building Loans:

      (1) Loans for such purposes as construction, improvement, alteration, repair or replacement of dwellings and other farm buildings are made under the following authorities:

         a. Under Section 502 of the Farm Housing Act loans are made to applicants with income sufficient to meet regular amortization payments of principal and interest.

         b. Under Section 503 of the Act loans are made to applicants who must make basic changes in their farm program before the income will be sufficient to meet annual payments of principal and interest.

      (2) Under Section 504(a) loans or loans in combination with grants are made to farm owner-occupants to cover the cost of minor improvements and repairs necessary for the safety and health of the occupant, his family or the community.

   B. Enlargement and Development Loans: Under the authorization of Section 504(b) loans are made for farm enlargement and development in connection with other loan or grant assistance for dwellings and other farm buildings under the authorization of Section 503 and Section 504(a). This type of assistance is designed to encourage adequate family-size farms and to provide the borrower income sufficient to support decent, safe and sanitary housing and other farm buildings.

C. Repair and Improvement Grants: Under Section 504(a) grants alone or in combination with loans are authorized to cover the cost of repairs and improvements necessary for the safety and sanitation of the occupant, his family or the community. Grants alone are made only to owner-occupants unable to repay a loan for such purposes as repairing roofs, providing toilet facilities, providing a sanitary water supply, supplying screens or making other repairs or improvements.

2. Limitation on Loans and Grants Authorized by Section 504(a): The Act limits individual loan and grant assistance under Section 504(a) to a total of $1,000. Grant assistance whether or not combined with a loan may not exceed $500.

3. Terms of Loans: Under Section 502 and 503 of the Housing Act of 1949 as amended, loans may be made for periods of not to exceed 33 years and interest is charged at 4 percent per annum. Borrowers under Section 503 may receive credits as necessary during the first five years of the loan up to the amount of the interest payment and one-half of the principal payment. Section 504(a) loans, by administrative limitation, may not be made for periods exceeding 10 years and are not generally made for more than 5 years.

4. Supervision and Technical Services: Engineers and local Farmers Home Administration county supervisors furnish technical services to borrowers in connection with building plans, specifications, construction supervision and inspection, and advice and information regarding farm dwellings and other buildings. Borrowers under Section 503 and 504(b) are given assistance as needed by county supervisors in making adjustments in their farm and home operations.

5. Progress of Program:

A. Applications: During the fiscal year 1952 written applications for farm housing loan or grant assistance were received from 15,584 farm owners, of whom 6,479 or 42 percent were veterans.

B. Loans and Grants: Since the inception of the Farm Housing program in October 1949 to June 30, 1952, loans totalling $62,411,165 have been made to 13,059 farm owners and 667 initial grants have been made in the amount of $308,865. Ninety-nine of these grants were made to farm owners who also received loans; thus 13,627 farm owners have been assisted by this program to this date. The major portion of the building funds, namely $50,715,108, were loaned for dwelling construction and repair. A total of 6,491 new dwellings and repairs to 5,269 additional farm houses have been financed with Farm Housing funds. The average planned construction cost of new houses during the 1952 fiscal year was $6,933, including loan funds and cash contributions by borrowers. This relatively low cost of homes financed with Farm Housing loans is largely a result of borrowers making extensive use of salvage and locally-produced materials and utilizing a substantial amount of family labor to do the

construction work. Consequently, there is little competition from this operation for labor and materials used in commercial construction and in the defense effort.

Of the 4,271 farm owners receiving initial Farm Housing loans and grants during the 1952 fiscal year, 1,764, or 41 percent were veterans. The following table shows the number and amount of initial loans and grants made during the fiscal years 1950, 1951 and 1952 and an estimate for the fiscal year 1953:

	Initial Loans and Grants			
Fiscal Year	Number Loans and Grants	Amount Loans	Amount Grants	Total Amount
1950	3,957	$17,229,474	$ 86,426	$17,315,000
1951	5,399	23,928,186	131,649	24,059,835
1952	4,273	20,740,771	91,211	20,831,982
1953 (Est.)	3,464	18,430,000	97,562	18,527,562

	Loans and Grants to Veterans Only				
Fiscal Year	Number Loans and Grants	Percent of Number	Amount Loans	Amount Grants	Total Amount
1950	1,525	39	$6,741,121	$ 12,130	$6,753,251
1951	2,096	39	9,682,202	12,380	9,694,582
1952	1,764	41	8,922,324	10,235	8,932,559
1953 (Est.)	1,559	45	8,293,500	43,903	8,337,403

In addition to the above, 142 subsequent loans for $189,548 and one subsequent grant for $155 were made in 1951 and 204 subsequent loans for $323,186 and one subsequent grant for $150 were made in 1952. These subsequent loans and grants were made to both veterans and non-veterans.

The number of farm owners receiving Farm Housing financial assistance of various types is shown in the following table:

Type of Assistance	Number During 1950 Fiscal Year	Number During 1951 Fiscal Year	Number During 1952 Fiscal Year
Section 502 loans	3,510	4,828	3,836
Section 503 loans	217	243	192
Section 504 loans only	33	49	52
Section 504 loans with grants	32	38	29
Section 504 grants only	165	241	162
Total	3,957	5,399	4,271

See Table VIII for distribution by states.

C. Use of Funds: During the fiscal year 1952 the following improvements were planned with Farm Housing initial loan and grant funds, including cash contributions by borrowers:

Type of Improvement	Number	Cost	Average Planned Cost
New dwellings	1,827	$12,665,942	$6,933
Repairs to dwellings	1,517	3,516,036	2,318
New farm service buildings	2,094	4,233,901	2,022
Repairs to farm service buildings	894	617,546	691
Water system	1,584	721,695	456
Land development	163	203,680	1,250
Land purchase	79	229,053	2,899

See Table VII for distribution by states.

Improved housing through assistance received under the Farm Housing program has eliminated overcrowding and made possible the correction of many unsafe and unsanitary housing conditions which existed prior to the receipt of such assistance. The construction of new and repairs to existing farm service buildings has enabled borrowers to make better use of their land and labor resources. Through assistance in the fields of land development and land purchase, many owners of uneconomic units have been given the assistance necessary to enable them to convert their holdings into economic units on which they may be expected to carry on successful farming operations. Through farm housing assistance, not heretofore available, many farmers have been able for the first time to provide decent, safe and sanitary homes for their families, increase their production and incomes and achieve greater economic stability.

D. Loan Repayments: Of the 10,223 borrowers with payments due December 31, 1951, 25 percent were ahead of schedule an average of $156. Four percent paid an average of $178 less than was due on that date. The 506 borrowers owning inadequate farms at the time loans were made received contributions totalling $27,565.

Salaries and Expenses

Increased Time Required for Loans: The emphasis the Farmers Home Administration is placing on the making of loans only to those applicants who have the ability and desire, and who have or can acquire the necessary resources to operate fully economic farm units has caused a need for more intensive study of the farming operations of each loan applicant. The primary factors which have caused the increase in the size of loans have placed additional demands on the time and abilities of operating personnel. Sound and successful farming operations under present conditions must include such technological advances as mechanization adapted to the size and type of farm operation, improved fertilization practices, the use of locally adapted hybrid seed, insecticides and fungicides to control plant and animal pests, soil conservation measures which restore and maintain the productive capacities of soils for sustained yields and the adoption of other related and improved practices.

The development of a farm and home plan which introduces new enterprises and which blends technological advances in a manner which will provide an efficient operation with sufficient volume to produce income necessary to repay the loan and assure a reasonable standard of living for the borrower family, is a time consuming task. Such a plan is of little value unless the improvements and practices incorporated in the plan are translated into action on the borrower's farm. Teaching low-income families to adopt improved practices requires substantial supervisory time and effort. It is, however, essential for the protection of the Government's investment, the success of the borrower family and the general welfare of the nation.

In order to most effectively meet the problem presented by the added individual attention needed in loan making and servicing, continuing studies are made to assure that available personnel are properly allocated between the various offices. While such studies have not resulted in the elimination of county offices, because many of the present offices are required to serve unduly large geographical areas, progress is being made in shifting personnel to areas of greatest need.

Disaster and Fur Loan Activity: Since April 1949 the Farmers Home Administration has been administering the Production Disaster and Fur Loan Programs authorized by Public Law 38, approved April 6, 1949. These emergency programs are operated through existing offices of the Administration, with regularly employed personnel administering the programs with their other activities unless the additional workload becomes great enough to be detrimental to their regularly assigned responsibilities. In many instances, the designation of a disaster area results in relatively few loans and the added workload created by such loans can be absorbed without difficulty. In this manner the services of regularly employed personnel are utilized to the fullest possible extent and payments for personal services from the Disaster Loan Revolving Fund are held to a minimum. In such instances, however, the absence of disaster activity would not permit a reduction of personnel paid from the regular Salaries and Expenses appropriation without reducing the performance on other statutory functions assigned to this Administration. In other instances, a substantial additional workload is created and then additional personnel are employed, generally on a temporary basis, and paid from the Disaster Loan Revolving Fund.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Farm Ownership: Total Loan Applications and Number of Direct Initial Loans Made and Insured Commitments, 1951 and 1952 Fiscal Years and Cumulative From Inception of Program

State and territory	1951 fiscal year					1952 fiscal year						Direct loans made 1938 through 1952 fiscal years		Insured commitments 1948 through 1952 fiscal years	
	Number of loan applications			Number of direct loans made	Number of insured commitments	Number of loan applications				Number of direct loans made	Number of insured commitments	Number	Average amount 1/	Number	Average amount 1/
	On hand beginning of year	Received during year	Total for consideration			On hand beginning of year	Received during year	Total for consideration	On hand end of period						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
U. S. Total.....	45,110	37,214	82,324	2,025	2,153	33,906	32,394	66,300	28,056	1,550	1,131	59,248	$6,407	6,962	$7,951
Alabama.....	3,345	2,217	5,562	107	90	2,395	2,145	4,540	2,028	91	18	3,901	4,949	161	6,205
Arizona.....	61	63	124	5	5	33	46	79	21	1	0	74	9,988	7	11,242
Arkansas.....	2,663	1,984	4,647	70	76	1,812	1,560	3,372	1,267	58	51	3,181	4,843	188	5,618
California.....	330	278	608	16	4	226	175	401	182	10	5	402	9,636	23	10,222
Colorado.....	487	491	978	26	41	399	601	1,000	647	29	58	375	10,311	140	11,199
Connecticut.....	32	47	79	3	2	29	42	71	28	1	1	41	9,655	3	10,300
Delaware.....	3	21	24	0	4	4	18	22	3	0	0	79	6,487	6	7,213
Florida.....	708	719	1,427	26	30	533	542	1,075	464	35	0	539	5,840	40	7,427
Georgia.....	4,306	3,555	7,861	114	101	3,463	2,773	6,236	2,669	61	27	4,897	4,537	348	5,560
Idaho.....	583	406	989	102	39	368	344	712	295	66	6	572	9,298	86	9,222
Illinois.....	607	440	1,047	34	21	384	386	770	282	27	8	941	9,200	79	8,052
Indinna.....	994	942	1,936	41	58	993	990	1,983	857	35	57	872	8,983	184	10,688
Iowa.....	1,181	1,003	2,184	73	91	1,113	642	1,755	832	46	14	1,245	9,301	260	9,796
Kansas.....	1,034	940	1,974	53	65	838	788	1,626	779	45	40	1,157	9,166	315	9,716
Kentucky.....	985	664	1,649	17	16	543	594	1,137	482	18	6	1,120	7,387	48	8,787
Louisiana.....	1,481	943	2,424	30	44	881	928	1,809	725	29	44	1,702	5,946	121	7,275
Maine.....	128	177	305	9	26	115	244	359	185	9	35	170	6,940	87	6,801
Maryland.....	175	149	324	13	14	151	139	290	118	8	2	314	7,674	50	7,620
Massachusetts.....	98	69	167	2	2	50	80	130	53	0	3	85	8,387	9	9,494
Michigan.....	439	511	950	21	70	351	478	829	325	13	35	885	6,504	252	8,503
Minnesota.....	976	977	1,953	102	93	591	643	1,234	477	38	6	2,271	5,736	337	7,593
Mississippi.....	3,197	2,537	5,734	82	100	2,307	2,426	4,733	1,900	59	111	4,100	5,754	269	5,596
Missouri.....	2,605	2,384	4,989	177	129	2,146	1,991	4,137	1,908	139	88	2,603	6,385	559	6,737
Montana.....	404	234	638	14	22	189	175	364	157	12	6	399	8,043	59	11,238
Nebraska.....	773	1,044	1,817	38	40	1,013	955	1,968	871	47	42	879	10,335	146	10,982
Nevada.....	42	46	88	4	1	38	21	59	33	4	0	40	10,983	1	12,600
New Hampshire.....	44	39	83	1	1	28	41	69	25	2	3	40	6,198	6	8,764
New Jersey.....	84	126	210	6	18	52	157	209	55	6	11	230	9,265	65	9,838
New Mexico.....	104	163	267	17	14	118	161	279	79	17	5	224	10,754	34	10,603
New York.....	196	278	474	9	34	141	248	389	169	8	15	653	6,523	98	6,992
North Carolina.....	2,684	2,047	4,731	136	105	2,001	1,981	3,982	1,848	98	60	3,390	5,007	349	6,030
North Dakota.....	527	537	1,064	35	52	433	547	980	505	24	36	675	7,967	182	9,468
Ohio.....	973	1,050	2,023	49	45	685	1,048	1,733	769	39	46	1,046	8,085	145	8,781
Oklahoma.....	1,801	1,537	3,338	88	84	1,514	1,075	2,589	945	48	19	3,104	6,247	203	8,573
Oregon.....	257	176	433	42	15	119	162	281	92	35	4	459	7,506	59	9,761
Pennsylvania.....	674	614	1,288	29	77	472	601	1,073	408	27	46	922	6,340	261	6,792
Rhode Island.....	7	5	12	0	0	4	10	14	9	0	0	5	8,014	0	0
South Carolina.....	1,121	822	1,943	38	57	831	485	1,316	454	27	29	2,431	4,726	140	6,119
South Dakota.....	640	704	1,344	26	55	660	582	1,242	567	35	35	659	8,595	176	10,722
Tennessee.....	1,842	1,499	3,341	59	57	1,378	1,115	2,493	1,187	32	21	2,073	5,907	132	7,003
Texas.....	2,529	1,737	4,266	91	102	1,470	1,504	2,974	1,192	65	20	4,845	8,006	413	8,997
Utah.....	334	225	559	20	9	191	134	325	147	16	0	327	9,830	31	10,138
Vermont.....	147	109	256	4	2	49	137	186	85	7	6	159	6,554	14	6,253
Virginia.....	749	549	1,298	38	53	869	522	1,391	418	27	5	1,087	6,000	99	8,162
Washington.....	520	363	883	43	17	355	410	765	314	50	11	420	9,158	69	10,647
West Virginia.....	378	368	746	22	16	253	429	682	293	27	13	608	5,268	58	6,247
Wisconsin.....	747	807	1,554	37	134	554	822	1,376	502	54	79	1,736	5,145	605	7,350
Wyoming.....	65	159	224	46	9	56	110	166	32	21	0	268	8,836	16	10,832
Alaska.....	7	5	12	2	0	2	6	8	4	1	0	8	10,976	0	0
Hawaii.....	74	88	162	3	13	77	55	132	55	1	4	253	6,418	29	8,896
Puerto Rico.....	969	357	1,326	5	0	628	326	954	314	2	0	778	5,285	0	0
Virgin Islands.....	0	9	9	0	0	1	0	1	0	0	0	4	3,581	0	0

Note: This table includes Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Farm Ownership: Loan Applications From Veterans Only, Number of Direct Initial Loans Made and Insured Commitments, and Average Amount, 1951 and 1952 Fiscal Years and Cumulative From 1945

State and territory	1951 fiscal year							1952 fiscal year								Direct loans made 1945 through 1952 fiscal years		Insured commitments 1948 through 1952 fiscal years	
	Number of loan applications			Direct loans made		Insured commitments		Number of loan applications				Direct loans made		Insured commitments					
	On hand beginning of year	Received during year	Total for consideration	Number	Average amount	Number	Average amount	On hand beginning of year	Received during year	Total for consideration	On hand end of period	Number	Average amount	Number	Average amount	Number	Average amount 1/	Number	Average amount 1/
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
U. S. Total.....	28,314	21,627	49,941	1,893	$9,201	642	$7,610	19,518	18,670	38,188	15,854	1,465	$10,485	249	$8,549	12,946	$8,453	1,960	$7,322
Alabama.....	2,462	1,416	3,878	103	7,636	28	6,575	1,551	1,331	2,882	1,242	89	7,624	0	0	599	7,017	49	6,150
Arizona.....	48	49	97	4	10,889	3	12,150	26	29	55	15	1	14,800	0	0	35	11,228	3	12,150
Arkansas.....	1,781	1,190	2,971	69	6,422	16	4,914	1,064	861	1,925	684	57	7,218	6	6,612	744	5,536	39	4,899
California.....	219	174	393	14	9,629	1	9,000	154	104	258	120	9	11,769	2	12,300	91	11,059	8	10,139
Colorado.....	273	273	546	20	11,994	10	10,676	209	330	539	359	25	15,171	14	11,262	103	12,349	32	10,421
Connecticut.....	22	14	36	3	8,780	0	0	11	31	42	15	1	8,215	0	0	19	9,904	0	0
Delaware.....	1	6	7	0	0	1	5,100	2	8	10	2	0	0	0	0	19	7,492	1	5,100
Florida.....	522	520	1,042	26	9,254	17	7,299	385	397	782	320	35	10,017	0	0	207	7,916	24	6,916
Georgia.....	2,985	1,975	4,960	101	7,206	33	6,439	1,933	1,452	3,385	1,332	59	8,624	10	8,156	686	6,526	153	5,314
Idaho.....	389	258	647	80	10,920	5	10,935	236	210	446	188	48	11,420	0	0	297	10,878	7	10,211
Illinois.....	254	239	493	29	9,374	0	0	169	238	407	163	27	11,142	0	0	112	9,351	9	6,701
Indiana.....	465	515	980	41	10,487	6	10,562	501	520	1,021	445	35	12,830	13	9,441	175	10,311	24	9,235
Iowa.....	579	504	1,083	73	12,014	10	9,922	542	353	895	429	46	13,520	0	0	250	11,122	29	8,829
Kansas.....	491	512	1,003	53	10,831	13	9,325	431	420	851	414	45	12,957	3	13,790	357	10,422	48	9,571
Kentucky.....	599	393	992	15	9,509	2	8,232	330	400	730	329	17	12,297	3	7,615	139	9,277	10	7,847
Louisiana.....	1,026	551	1,577	30	8,359	23	6,710	519	484	1,003	404	28	8,960	13	8,256	224	7,500	46	6,916
Maine.....	82	107	189	9	7,567	19	6,964	75	146	221	100	9	7,093	21	7,369	118	7,567	58	6,951
Maryland.....	84	80	164	13	9,427	2	6,050	75	65	140	55	8	9,054	0	0	101	8,762	6	6,358
Massachusetts.....	69	46	115	2	8,900	1	9,217	36	46	82	27	0	0	1	10,625	51	9,265	2	9,920
Michigan.....	244	268	512	21	9,890	31	7,629	208	272	480	170	13	10,937	14	11,294	196	9,747	98	8,142
Minnesota.....	503	585	1,088	102	9,848	24	8,306	326	431	757	298	38	9,968	0	0	592	7,439	76	7,193
Mississippi.....	2,414	1,482	3,896	75	6,953	53	4,992	1,378	1,342	2,720	1,039	53	7,766	52	5,836	812	7,054	136	5,396
Missouri.....	1,582	1,512	3,094	177	7,852	26	6,905	1,324	1,230	2,554	1,151	139	8,783	8	7,019	814	7,749	114	6,111
Montana.....	227	144	371	14	13,222	7	13,214	114	114	228	97	10	12,475	3	13,697	129	11,753	17	11,806
Nebraska.....	370	559	929	38	12,400	7	10,236	520	503	1,023	470	47	14,012	6	12,220	211	11,836	22	10,514
Nevada.....	27	31	58	2	10,250	0	0	24	15	39	20	2	10,875	0	0	27	11,115	0	0
New Hampshire.....	30	28	58	1	8,965	0	0	19	27	46	16	2	9,388	1	8,745	16	8,358	1	8,745
New Jersey.....	53	70	123	6	11,893	10	10,776	25	77	102	35	6	13,344	1	11,900	158	9,674	26	9,703
New Mexico.....	73	98	171	12	13,134	6	10,483	74	106	180	49	14	13,352	0	0	123	12,024	9	10,356
New York.....	103	150	253	9	9,367	8	6,225	85	136	221	97	8	9,714	7	8,366	255	7,468	33	6,885
North Carolina....	1,558	1,208	2,766	136	7,063	32	6,030	1,170	1,136	2,306	1,054	95	8,876	10	7,181	592	6,787	104	5,550
North Dakota.....	223	234	457	35	10,923	12	10,069	198	241	439	210	24	11,610	7	10,435	188	10,300	41	9,489
Ohio.....	590	590	1,180	43	9,121	12	6,603	378	583	961	428	39	10,133	9	9,518	206	9,082	37	7,911
Oklahoma.....	1,197	899	2,096	88	10,747	25	8,818	898	720	1,618	594	47	12,145	4	11,485	736	8,163	56	8,179
Oregon.....	131	76	207	15	11,327	1	10,500	59	92	151	54	18	14,307	0	0	106	11,930	5	9,820
Pennsylvania.....	447	329	776	29	7,577	25	6,007	266	320	586	238	27	8,841	10	9,100	320	7,022	91	6,557
Rhode Island.....	5	5	10	0	0	0	0	4	5	9	4	0	0	0	0	1	10,900	0	0
South Carolina....	717	531	1,248	35	7,672	25	6,382	545	271	816	233	24	9,683	5	7,294	260	6,663	47	6,001
South Dakota.....	326	389	715	26	11,823	18	11,090	247	317	564	313	35	14,625	3	12,970	150	11,562	44	10,758
Tennessee.....	1,215	863	2,078	54	8,497	13	7,638	852	652	1,504	678	31	8,935	2	5,250	331	7,752	27	6,874
Texas.....	1,405	996	2,401	84	10,554	40	9,126	838	926	1,764	693	65	11,626	2	13,269	1,036	10,117	161	8,845
Utah.....	255	134	389	19	11,201	0	0	123	89	212	94	12	10,721	0	0	247	10,901	11	10,591
Vermont.....	87	54	141	4	6,991	0	0	26	77	103	45	7	8,481	1	3,520	85	7,417	2	4,990
Virginia.....	470	348	818	38	8,923	22	8,882	555	331	886	264	26	10,574	1	8,225	151	8,911	37	8,299
Washington.....	341	221	562	33	12,681	2	11,800	176	241	417	191	41	14,015	2	10,115	146	12,327	15	10,373
West Virginia.....	265	240	505	21	6,577	9	5,298	168	264	432	173	26	9,134	1	3,785	130	7,044	16	4,860
Wisconsin.....	314	367	681	37	8,329	36	7,002	232	379	611	231	54	10,475	14	9,890	330	7,892	175	6,887
Wyoming.....	40	122	162	44	11,120	1	14,200	35	88	123	21	20	12,957	0	0	142	11,300	2	12,455
Alaska.....	5	4	9	2	12,000	0	0	2	4	6	3	1	10,400	0	0	8	10,464	0	0
Hawaii.....	42	25	67	3	11,673	7	10,106	25	22	47	22	1	11,900	0	0	35	9,091	9	9,256
Puerto Rico.....	704	243	947	5	7,880	0	0	375	234	609	226	1	8,779	0	0	84	7,166	0	0
Virgin Islands....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	5,362	0	0

Note: This table includes Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

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Table III - Farm Ownership Direct Loan Program: Use of Funds - Number of Direct Loan Borrowers, Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1952 Fiscal Year

State and territory	Loans to new borrowers										Amount of loans to prior year borrowers	Total amount of loans
	Number	Amount of funds			Average amount of loan	Use of funds						
		Loans	Furnished by borrower	Total		Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Refinancing		
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total:												
Percent distribution..	-	-	-	100.0%	-	49.1%	8.5%	9.9%	14.2%	18.3%	-	-
Amount.....	1,550	$16,314,359	$61,381	$16,375,740	$10,525	$8,036,708	$1,390,788	$1,627,771	$2,329,907	$2,990,566	$2,685,055	$18,999,414
Alabama.....	91	685,250	12,299	697,549	7,530	337,140	49,389	48,970	169,206	92,844	187,735	872,985
Arizona.....	1	14,800	0	14,800	14,800	14,000	350	420	30	0	7,133	21,933
Arkansas.....	58	416,150	2,865	419,015	7,175	186,609	56,758	31,953	73,860	69,835	186,203	602,353
California.....	10	116,720	140	116,860	11,672	62,340	9,500	10,200	17,250	17,570	15,775	132,495
Colorado.....	29	441,970	275	442,245	15,240	264,333	50,570	24,288	51,054	52,000	31,407	473,377
Connecticut.....	1	8,215	0	8,215	8,215	75	1,500	1,130	1,160	4,350	4,524	12,739
Delaware.....	0	0	0	0	0	0	0	0	0	0	8,101	8,101
Florida.....	35	350,608	2,391	352,999	10,017	137,366	63,913	11,175	81,095	59,450	45,801	396,409
Georgia.....	61	520,235	1,184	521,419	8,528	214,519	80,980	46,340	92,065	87,515	397,729	917,964
Idaho.....	66	767,084	1,785	768,869	11,622	190,755	71,280	113,759	245,856	147,219	71,701	838,785
Illinois.....	27	300,821	1,700	302,521	11,142	155,580	38,984	15,762	9,315	82,880	8,329	309,150
Indiana.....	35	449,040	20	449,060	12,830	319,955	22,145	24,480	5,345	77,135	21,416	470,456
Iowa.....	46	621,920	15	621,935	13,520	330,851	25,909	52,385	29,035	183,755	36,218	658,138
Kansas.....	45	583,058	115	583,173	12,957	421,202	22,580	50,372	38,440	50,579	37,899	620,957
Kentucky.....	18	218,022	170	218,192	12,112	86,230	27,571	19,645	36,856	47,890	17,266	235,288
Louisiana.....	29	260,240	915	261,155	8,974	108,364	33,785	13,090	63,780	42,136	174,562	434,802
Maine.....	9	63,838	922	64,760	7,093	39,870	1,000	12,655	2,635	8,600	14,646	78,484
Maryland.....	8	72,435	250	72,685	9,054	34,780	5,570	11,060	11,595	9,680	7,696	80,131
Massachusetts.....	0	0	0	0	0	0	0	0	0	0	10,288	10,288
Michigan.....	13	142,180	50	142,230	10,937	71,965	6,900	13,400	12,740	37,225	38,341	180,521
Minnesota.....	38	378,770	815	379,585	9,968	220,956	8,825	41,888	33,826	74,090	29,655	408,425
Mississippi.....	59	451,950	160	452,110	7,660	207,995	40,410	39,345	106,815	57,545	182,730	634,680
Missouri.....	139	1,220,870	885	1,221,755	8,783	556,860	129,885	99,265	95,070	340,675	133,355	1,354,225
Montana.....	12	142,940	0	142,940	11,912	66,433	8,720	14,640	15,115	38,032	30,942	173,882
Nebraska.....	47	658,580	500	659,080	14,012	528,860	19,130	39,640	24,535	46,915	660	659,240
Nevada.....	4	43,150	0	43,150	10,788	12,850	11,900	2,500	1,200	14,700	3,497	46,647
New Hampshire.....	2	18,775	0	18,775	9,388	7,600	100	4,460	515	6,100	2,476	21,251
New Jersey.....	6	80,063	2,000	82,063	13,344	35,890	1,525	15,848	5,925	22,875	7,092	87,155
New Mexico.....	17	229,330	308	229,638	13,490	94,680	7,550	16,850	40,800	69,758	50,274	279,604
New York.....	8	77,710	1,540	79,250	9,714	45,100	2,100	9,095	2,155	20,800	23,657	101,367
North Carolina.....	98	874,920	1,375	876,295	8,928	311,900	110,930	111,992	146,393	195,080	140,048	1,014,968
North Dakota.....	24	278,640	2,340	280,980	11,610	173,330	3,110	40,065	34,770	29,705	17,655	296,295
Ohio.....	39	395,185	240	395,425	10,133	213,019	27,775	41,030	15,460	98,141	10,048	405,233
Oklahoma.....	48	584,011	6,460	590,471	12,167	350,307	23,215	59,565	53,323	104,061	131,450	715,461
Oregon.....	35	472,725	550	473,275	13,506	118,725	10,710	59,505	92,095	192,240	24,676	497,401
Pennsylvania.....	27	227,894	1,065	228,959	8,441	152,662	5,060	27,636	8,537	35,064	25,031	252,925
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	126	126
South Carolina.....	27	257,566	1,751	259,317	9,539	129,235	15,450	18,080	69,570	26,982	36,257	293,823
South Dakota.....	35	511,865	246	512,111	14,625	398,271	2,305	47,470	29,200	34,865	23,272	535,137
Tennessee.....	32	287,785	1,200	288,985	8,993	105,270	26,865	35,400	56,885	64,565	47,081	334,866
Texas.....	65	755,678	480	756,158	11,626	421,327	54,700	63,730	121,520	94,881	171,994	927,672
Utah.....	16	164,150	1,200	165,350	10,259	63,765	5,642	17,067	37,156	41,720	29,833	193,983
Vermont.....	7	59,365	0	59,365	8,481	33,319	2,801	4,215	2,530	16,500	13,459	72,824
Virginia.....	27	283,170	550	283,720	10,488	146,405	32,260	23,250	38,670	43,135	46,508	329,678
Washington.....	50	707,815	1,500	709,315	14,156	47,109	199,651	129,975	232,035	100,545	35,400	743,215
West Virginia.....	27	242,879	40	242,919	8,996	114,859	28,840	24,830	16,665	57,725	24,501	267,380
Wisconsin.....	54	565,675	5,850	571,525	10,475	403,585	10,575	76,090	21,075	60,200	70,374	636,049
Wyoming.....	21	270,785	5,230	276,015	12,895	88,675	27,870	59,816	73,050	26,604	27,329	298,114
Alaska.....	1	10,400	0	10,400	10,400	0	2,000	2,000	0	6,400	4,218	14,618
Hawaii.....	1	11,900	0	11,900	11,900	1,360	1,900	1,140	7,500	0	7,802	19,702
Puerto Rico.....	2	17,227	0	17,227	8,614	10,427	300	300	6,200	0	10,885	28,112
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers the loans made to Tenant Purchase, Farm Enlargement, and Farm Development borrowers.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table IV - Farm Ownership Insured Loans: Use of Funds - Number of Insured Loan Borrowers, Amount of Insured Commitments, Including Estimated Amount Furnished by the Borrower, 1952 Fiscal Year

State and territory	Loans to new borrowers										Amount of loans to prior year borrowers	Total amount of loans
	Number	Amount of funds			Average amount of loan	Use of funds						
		Loans	Furnished by borrower	Total		Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Refinancing		
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total:												
Percent distribution..	-	-	-	100.0%	-	42.5%	8.4%	11.4%	11.2%	26.5%	-	-
Amount.....	1,131	$10,660,677	$486,675	$11,147,352	$9,426	$4,738,993	$932,866	$1,266,359	$1,248,309	$2,960,825	$112,273	$10,772,950
Alabama.....	18	110,875	4,249	115,124	6,160	20,748	11,250	16,126	38,150	28,850	0	110,875
Arizona.....	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas.....	51	337,075	4,735	341,810	6,609	76,453	56,481	37,759	60,377	110,740	4,057	341,132
California.....	5	58,385	2,400	60,785	11,677	10,950	10,900	8,400	7,300	23,235	0	58,385
Colorado.....	58	725,071	13,256	738,327	12,501	265,360	110,840	54,008	69,044	239,075	2,400	727,471
Connecticut.....	1	11,240	0	11,240	11,240	125	500	590	150	9,875	0	11,240
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	0
Florida.....	0	0	0	0	0	0	0	0	0	0	0	0
Georgia.....	27	218,440	3,570	222,010	8,090	48,335	37,055	14,000	43,745	78,875	16,670	235,110
Idaho.....	6	48,120	2,200	50,320	8,020	150	10,550	5,500	10,400	23,720	0	48,120
Illinois.....	8	95,900	6,105	102,005	11,988	33,665	16,714	5,306	4,920	41,400	0	95,900
Indiana.....	57	683,783	41,474	725,257	11,996	391,599	46,030	59,465	37,780	190,383	0	683,783
Iowa.....	14	178,500	6,180	184,680	12,750	41,820	10,010	11,880	11,970	109,000	0	178,500
Kansas.....	40	489,409	40,425	529,834	12,235	308,382	21,890	46,203	49,618	103,741	0	489,409
Kentucky.....	6	55,140	0	55,140	9,190	630	13,835	12,780	9,550	18,345	2,475	57,615
Louisiana.....	44	377,385	7,017	384,402	8,577	75,319	58,870	26,988	115,115	108,110	3,785	381,170
Maine.....	35	247,318	16,972	264,290	7,066	84,435	1,725	80,095	17,085	80,950	0	247,318
Maryland.....	2	17,104	1,901	19,005	8,552	13,830	785	3,275	1,115	0	0	17,104
Massachusetts.....	3	29,075	1,200	30,275	9,692	10,825	3,050	1,400	0	15,000	0	29,075
Michigan.....	35	383,487	19,655	403,142	10,957	207,490	15,180	42,972	36,125	101,375	5,200	388,687
Minnesota.....	6	50,270	5,260	55,530	8,378	50,255	870	3,510	895	0	0	50,270
Mississippi.....	111	664,910	19,150	684,060	5,990	169,150	127,133	75,500	190,940	121,337	14,117	679,027
Missouri.....	88	716,495	24,290	740,785	8,142	237,340	79,380	74,310	58,130	291,625	6,537	723,032
Montana.....	6	71,795	360	72,155	11,966	19,060	4,060	10,100	17,380	21,555	0	71,795
Nebraska.....	42	540,309	36,771	577,080	12,864	346,574	27,230	47,250	32,575	123,451	0	540,309
Nevada.....	0	0	0	0	0	0	0	0	0	0	0	0
New Hampshire.....	3	25,755	0	25,755	8,585	175	1,000	9,425	155	15,000	750	26,505
New Jersey.....	11	133,955	9,125	143,080	12,178	73,865	500	25,385	1,140	42,190	2,600	136,555
New Mexico.....	5	57,550	3,000	60,550	11,510	25,247	2,650	3,890	11,863	16,900	0	57,550
New York.....	15	134,690	7,185	141,875	8,979	80,450	3,030	20,970	4,710	32,715	4,100	138,790
North Carolina.....	60	481,490	16,890	498,380	8,025	157,625	79,005	65,120	93,410	103,220	17,623	499,113
North Dakota.....	36	392,380	16,165	408,545	10,899	185,100	16,295	57,590	47,880	101,680	3,374	395,754
Ohio.....	46	464,856	21,687	486,543	10,106	225,583	30,020	54,565	16,430	159,945	0	464,856
Oklahoma.....	19	198,120	8,950	207,070	10,427	121,433	6,199	13,342	23,986	42,110	7,601	205,721
Oregon.....	4	32,360	0	32,360	8,090	7,650	1,000	3,225	5,475	15,010	10,400	42,760
Pennsylvania.....	46	384,029	21,067	405,096	8,348	186,721	15,687	76,776	14,376	111,536	0	384,029
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	29	209,597	10,318	219,915	7,227	78,040	19,815	14,640	44,205	63,215	0	209,597
South Dakota.....	35	445,282	27,533	472,815	12,722	290,084	4,251	62,085	27,415	88,980	1,834	447,116
Tennessee.....	21	170,770	5,550	176,320	8,132	62,595	19,550	24,410	26,650	43,115	0	170,770
Texas.....	20	238,381	10,393	248,774	11,919	147,894	8,370	18,675	37,585	36,250	4,500	242,881
Utah.....	0	0	0	0	0	0	0	0	0	0	0	0
Vermont.....	6	39,010	800	39,810	6,502	6,811	2,800	10,074	3,690	16,435	0	39,010
Virginia.....	5	48,725	2,200	50,925	9,745	18,900	5,481	5,595	5,060	15,889	0	48,725
Washington.....	11	130,290	1,930	132,220	11,845	38,080	27,100	16,530	9,010	41,500	0	130,290
West Virginia.....	13	116,849	2,900	119,749	8,988	32,354	11,175	30,570	5,115	40,535	1,850	118,699
Wisconsin.....	79	802,008	63,712	865,720	10,152	580,137	12,300	104,335	34,990	133,958	2,400	804,408
Wyoming.....	0	0	0	0	0	0	0	0	0	0	0	0
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii.....	4	44,494	100	44,594	11,124	7,754	2,300	11,740	22,800	0	0	44,494
Puerto Rico.....	0	0	0	0	0	0	0	0	0	0	0	0
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers the loans made to Tenant Purchase, Farm Enlargement, and Farm Development borrowers by private lenders, which are insured by the Government.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table V - Farm Ownership: Direct Loans - Number of Borrowers, Amount Loaned, and Payments, Cumulative Through March 31, 1952

State and territory	Total number of borrowers	Total amount loaned	Borrowers paid in full				Borrowers with unpaid balance as of March 31, 1952					
			Number	Payments			Number	Scheduled installments	Payments			
				Total	Principal 1/	Interest 2/			Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
										Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total	65,022	$402,055,229	29,218	$189,470,791	$164,579,717	$24,891,074	35,804	$60,192,175	$84,090,068	$74,116,251	123	$9,973,817
Alabama	4,560	21,163,105	2,255	10,526,637	9,144,337	1,382,300	2,305	3,173,513	4,478,894	3,589,780	113	889,114
Arizona	95	1,036,366	31	358,417	311,717	46,700	64	124,513	171,065	169,391	136	1,674
Arkansas	3,987	18,497,000	1,649	8,272,008	7,077,444	1,194,564	2,338	3,134,546	4,046,517	3,509,874	112	536,643
California	404	3,882,356	222	2,294,367	1,994,394	299,973	182	458,634	618,344	563,395	123	54,949
Colorado	475	4,360,955	256	2,432,220	2,148,104	284,116	219	498,725	648,213	618,299	124	29,914
Connecticut	39	389,644	14	151 469	138,110	13,359	25	59,563	72,050	68,960	116	3,090
Delaware	80	528,451	39	299,522	259,994	39,528	41	69,248	105,083	85,848	124	19,235
Florida	625	3,339,931	242	1,306,249	1,137,561	168,688	383	433,816	584,833	470,595	108	114,238
Georgia	5,431	23,690,544	2,501	11,200,502	9,648,481	1,552,021	2,930	3,835,836	5,675,881	4,346,191	113	1,329,690
Idaho	585	5,275,086	156	1,262,840	1,113,532	149,308	429	551,506	693,417	632,258	115	61,159
Illinois	942	8,636,627	506	5,307,160	4,575,627	731,533	436	1,353,234	2,019,358	1,908,706	141	110,652
Indiana	911	8,105,541	406	3,871,715	3,386,001	485,714	505	1,240,667	1,917,599	1,824,933	147	92,666
Iowa	1,236	11,476,769	632	6,470,677	5,613,800	856,877	604	1,462,192	2,134,557	2,061,307	141	73,250
Kansas	1,182	10,732,011	472	4,582,200	4,009,387	572,813	710	1,542,899	2,149,082	2,062,255	134	86,827
Kentucky	1,192	8,645,312	742	5,890,261	5,133,507	756,754	450	1,065,312	1,693,681	1,598,472	150	95,209
Louisiana	2,186	11,911,937	771	4,806,835	4,088,210	718,625	1,415	2,368,105	3,242,642	2,833,972	120	408,670
Maine	194	1,226,522	48	293,942	264,685	29,257	146	184,333	250,902	231,329	125	19,573
Maryland	312	2,377,514	105	875,311	756,781	118,530	207	388,660	575,017	452,890	117	122,127
Massachusetts	82	728,820	23	227,050	206,413	20,637	59	115,906	123,337	97,266	84	26,071
Michigan	917	5,918,273	424	2,524,612	2,197,023	327,589	493	1,003,201	1,300,962	1,201,278	120	99,684
Minnesota	2,463	13,967,808	1,136	6,809,077	5,952,363	856,714	1,327	1,924,330	2,804,317	2,668,049	139	136,268
Mississippi	4,781	26,658,507	1,453	7,961,157	6,710,720	1,250,437	3,328	5,287,388	6,421,372	5,275,575	100	1,145,797
Missouri	2,813	17,647,933	1,181	7,454,986	6,470,785	984,201	1,632	2,525,608	3,374,922	3,215,939	127	158,983
Montana	629	4,511,145	263	1,862,900	1,618,263	244,637	366	702,731	849,974	808,056	115	41,918
Nebraska	878	9,031,009	479	5,337,762	4,724,163	613,599	399	856,419	1,210,290	1,188,146	139	22,144
Nevada	41	429,536	9	83,192	74,189	9,003	32	46,174	39,429	38,881	84	548
New Hampshire	36	232,833	13	97,565	84,352	13,213	23	35,783	38,099	31,023	87	7,076
New Jersey	227	2,093,591	58	562,415	491,827	70,588	169	335,216	422,566	356,092	106	66,474
New Mexico	256	2,515,091	115	1,127,712	997,212	130,500	141	260,218	331,862	318,600	122	13,262
New York	730	4,674,798	282	1,907,535	1,667,857	239,678	448	752,722	1,020,886	836,216	111	184,670
North Carolina	3,750	18,313,381	1,958	10,030,011	8,775,752	1,254,259	1,792	2,439,151	3,876,504	3,324,135	136	552,369
North Dakota	771	5,927,337	389	2,958,183	2,643,628	314,555	382	754,411	1,057,721	1,021,041	135	36,680
Ohio	1,122	8,791,151	541	4,624,246	4,027,043	597,203	581	1,292,756	1,798,354	1,645,275	127	153,079
Oklahoma	3,233	20,163,377	1,566	9,881,885	8,611,789	1,270,096	1,667	2,918,491	4,244,817	3,775,388	129	469,429
Oregon	529	3,912,977	291	1,792,545	1,575,818	216,727	238	388,982	510,543	474,488	122	36,055
Pennsylvania	939	5,920,934	327	2,311,782	1,999,962	311,820	612	954,522	1,340,708	1,174,917	123	165,791
Rhode Island	5	40,072	1	6,547	5,850	697	4	7,779	10,098	10,098	130	0
South Carolina	2,728	12,501,742	1,195	5,854,420	5,059,515	794,905	1,533	2,398,531	3,487,973	2,709,677	113	778,296
South Dakota	678	5,735,133	382	3,256,876	2,863,465	393,411	296	572,864	865,626	849,345	148	16,281
Tennessee	2,154	12,558,799	1,051	6,441,781	5,585,786	855,995	1,103	1,902,258	2,843,259	2,571,810	135	271,449
Texas	5,118	39,859,556	2,636	22,096,761	19,168,816	2,927,945	2,482	5,587,029	8,182,493	7,422,333	133	760,160
Utah	326	3,203,143	58	419,370	365,601	53,769	268	496,869	556,436	507,502	102	48,934
Vermont	154	1,035,334	50	344,932	303,612	41,320	104	168,318	145,515	126,008	75	19,507
Virginia	1,119	6,569,452	583	3,445,082	2,996,344	448,738	536	977,040	1,506,742	1,267,878	130	238,864
Washington	423	3,674,056	169	1,281,958	1,125,275	156,683	254	436,722	565,384	524,258	120	41,126
West Virginia	596	3,103,199	235	1,271,905	1,094,923	176,982	361	533,307	771,322	653,497	123	117,825
Wisconsin	1,790	9,009,955	907	4,586,840	4,053,283	533,557	883	1,199,149	1,721,340	1,622,775	135	98,565
Wyoming	247	2,235,670	69	565,679	497,702	67,977	178	274,014	309,266	284,554	104	24,712
Alaska	7	73,525	0	0	0	0	7	10,814	6,147	6,075	56	72
Hawaii	257	1,652,174	142	929,664	806,007	123,657	115	206,708	207,204	188,467	91	18,737
Puerto Rico	783	4,074,923	185	1,212,029	1,022,707	189,322	598	880,340	1,065,908	891,597	101	174,311
Virgin Islands	4	14,324	0	0	0	0	4	1,122	1,557	1,557	139	0

Note: Covers all Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds and non-cash advances on rural rehabilitation project liquidation farms. Paid-up borrowers include those paid up through repossession.

1/ Includes write-offs in the amount of $711,452 and judgments in the amount of $193,755.
2/ Includes write-offs in the amount of $60,978 and judgments in the amount of $18,258.

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Table VI - Farm Ownership: Insured Loans - Number of Borrowers, Amount Loaned, and Payments, Cumulative Through March 31, 1952

State and territory	Total number of borrowers	Total amount insured	Borrowers paid in full					Borrowers with unpaid balance as of March 31, 1952					
			Number	Payments				Number	Scheduled installments	Payments			
				Total	Principal	Interest: On amount loaned by private lenders	Interest: Mortgage insurance charges			Total	Regular and advance payments made on scheduled installments: Amount	Regular and advance payments made on scheduled installments: As percent of schedule	Extra payments and refunds
	1	2	3	4	5	6	7	8	9	10	11	12	13
U. S. Total	6,308	$48,959,533	227	$1,648,489	$1,540,247	$74,995	$33,247	6,081	$4,083,015	$5,024,021	$4,653,561	114	$370,460
Alabama	150	932,852	3	19,170	18,240	632	298	147	76,780	100,111	83,906	109	16,205
Arizona	7	78,695	0	0	0	0	0	7	6,002	6,546	6,080	101	466
Arkansas	174	963,927	15	71,512	67,610	2,747	1,155	159	53,789	67,122	58,580	109	8,542
California	19	185,315	0	0	0	0	0	19	14,690	18,716	13,321	91	5,395
Colorado	98	1,056,900	4	36,781	34,105	1,874	802	94	60,075	64,340	63,579	106	761
Connecticut	2	19,660	0	0	0	0	0	2	424	624	624	147	0
Delaware	6	43,280	2	13,271	12,300	640	331	4	1,899	2,075	2,075	109	0
Florida	40	297,122	0	0	0	0	0	40	18,646	20,648	20,588	110	60
Georgia	331	1,788,309	14	68,512	63,505	3,528	1,479	317	158,304	222,672	175,864	111	46,808
Idaho	86	793,497	2	20,498	19,775	466	257	84	52,915	53,167	53,087	100	80
Illinois	78	628,792	5	38,548	35,490	2,058	1,000	73	53,750	60,939	58,155	108	2,784
Indiana	154	1,608,386	9	84,321	77,910	4,217	2,194	145	104,285	117,680	111,710	107	5,970
Iowa	253	2,456,330	7	56,371	52,585	2,713	1,073	246	212,746	240,414	234,683	110	5,731
Kansas	296	2,835,750	8	75,657	70,011	4,051	1,595	288	291,700	364,129	346,016	119	18,113
Kentucky	43	379,938	2	23,442	21,136	1,547	759	41	39,572	55,401	52,821	133	2,580
Louisiana	93	635,880	1	3,575	3,450	86	39	92	37,348	41,599	40,731	109	868
Maine	60	405,326	0	0	0	0	0	60	23,406	25,513	23,735	101	1,778
Maryland	50	381,011	1	6,253	5,760	365	128	49	36,002	52,596	41,810	116	10,786
Massachusetts	6	56,373	0	0	0	0	0	6	4,581	5,221	5,061	110	160
Michigan	236	1,966,577	4	37,190	34,870	1,715	605	232	178,990	193,611	186,069	104	7,542
Minnesota	337	2,558,990	15	110,662	101,460	6,387	2,815	322	265,752	309,815	297,841	112	11,974
Mississippi	224	1,191,420	4	17,517	16,165	962	390	220	65,754	85,611	77,868	118	7,743
Missouri	498	3,260,613	16	98,403	91,315	5,045	2,043	482	326,757	382,615	357,263	109	25,352
Montana	54	602,023	1	14,713	14,400	149	164	53	47,892	58,095	53,742	112	4,353
Nebraska	128	1,362,297	1	10,578	10,350	172	56	127	109,324	136,627	131,134	120	5,493
Nevada	1	12,600	0	0	0	0	0	1	24	54	24	100	30
New Hampshire	3	26,392	0	0	0	0	0	3	2,143	1,942	1,942	91	0
New Jersey	56	525,301	2	17,657	16,331	902	424	54	50,502	66,498	52,820	105	13,678
New Mexico	30	313,300	0	0	0	0	0	30	18,067	21,278	21,278	118	0
New York	87	593,522	4	28,328	26,457	1,305	566	83	46,621	60,285	49,647	106	10,638
North Carolina	321	1,875,268	17	92,722	87,029	3,855	1,838	304	145,918	208,914	193,938	133	14,976
North Dakota	166	1,531,617	4	37,937	35,100	1,996	841	162	129,178	162,225	157,196	122	5,029
Ohio	120	1,011,901	2	16,266	15,095	745	426	118	72,338	83,270	74,702	103	8,568
Oklahoma	185	1,554,706	6	41,445	39,035	1,588	822	179	115,827	139,321	128,993	111	10,328
Oregon	57	556,720	7	68,626	64,305	3,103	1,218	50	45,934	46,120	46,093	100	27
Pennsylvania	227	1,489,009	4	28,312	26,017	1,613	682	223	113,540	144,075	118,338	104	25,737
Rhode Island	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	129	783,847	3	15,694	15,020	480	194	126	50,615	69,662	65,636	130	4,026
South Dakota	148	1,510,757	1	9,755	8,790	626	339	147	130,388	147,783	145,382	111	2,401
Tennessee	118	811,007	2	12,518	11,801	490	227	116	53,137	67,865	58,408	110	9,457
Texas	394	3,502,361	26	244,533	231,676	9,008	3,849	368	323,245	465,084	428,013	132	37,071
Utah	31	314,275	0	0	0	0	0	31	29,710	32,535	32,495	109	40
Vermont	8	49,652	0	0	0	0	0	8	4,153	4,406	4,388	106	18
Virginia	97	787,529	3	17,575	16,905	429	241	94	50,513	70,841	57,065	113	13,776
Washington	60	629,803	1	11,757	10,800	662	295	59	54,630	56,358	56,308	103	50
West Virginia	46	249,082	3	18,602	17,570	706	326	43	21,077	23,075	22,876	109	199
Wisconsin	557	3,923,170	26	161,420	150,445	7,483	3,492	531	356,957	436,384	412,181	115	24,203
Wyoming	16	173,320	1	8,714	8,500	130	84	15	12,739	15,000	14,336	113	664
Alaska	0	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	28	245,131	1	9,654	8,934	520	200	27	14,376	15,159	15,159	105	0
Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers Tenant Purchase, Farm Enlargement, and Farm Development loans made by private lenders, which are insured by the Government. In addition to amount insured, this table covers small amounts advanced, including principal and interest repayments on these advances, for such purposes as the payment of taxes, insurance premiums, etc.

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Table VII - Farm Housing: Funds Obligated and Furnished by Borrowers, and Use of Funds, 1952 Fiscal Year

State and territory	Loans and grants to new borrowers and persons receiving grants																			Amount of loans and grants to owners receiving prior assistance	Total amount of loans and grants
	Number receiving assistance	Amount of funds				Use of funds															
		Loans	Grants for minor improvements	Furnished by borrower	Total	Dwellings				Other farm buildings				Water system		Land enlargement and development		Amount of fees			
						New		Repair		New		Repair									
						Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Amount	Acres purchased				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
U. S. Total.....	4,271	$20,740,771	$90,485	$1,430,907	$22,262,163	1,827	$12,665,942	1,517	$3,516,036	2,094	$4,233,901	894	$617,546	1,584	$721,695	$432,733	8,260	$74,310	$323,336	$21,154,592
Alabama.....	256	1,171,396	23,570	101,401	1,296,367	127	865,485	78	113,770	76	253,695	35	4,285	154	54,722	3,275	0	1,135	4,303	1,199,269
Arizona.....	27	199,055	0	14,465	213,520	19	152,620	4	22,800	10	29,900	0	0	6	3,900	4,100	0	200	3,568	202,623
Arkansas.....	338	973,133	6,665	45,847	1,025,645	110	480,705	144	239,475	144	186,329	30	13,885	178	40,965	58,119	1,216	6,167	11,849	991,647
California.....	93	541,320	0	53,880	595,200	43	374,320	36	91,880	68	85,905	41	25,550	13	13,550	3,800	0	195	8,408	549,728
Colorado.....	54	297,636	0	10,460	308,096	22	151,802	26	67,410	37	35,403	13	8,640	25	15,045	28,930	1,058	866	11,127	308,763
Connecticut.....	12	37,850	1,000	3,340	42,190	1	7,915	3	1,995	4	25,300	5	4,420	1	1,000	1,200	0	360	0	38,850
Delaware.....	3	12,750	0	150	12,900	0	0	3	11,890	0	0	1	590	1	250	0	0	170	0	12,750
Florida.....	108	639,869	0	43,127	682,996	63	472,787	30	117,275	39	78,037	4	2,100	16	8,452	3,450	0	895	9,294	649,163
Georgia.....	269	1,321,015	500	107,910	1,429,425	146	957,653	53	118,255	128	278,035	7	5,740	133	63,990	2,000	0	3,752	27,787	1,349,302
Idaho.....	47	283,141	0	14,160	297,301	23	161,533	19	71,575	23	40,275	5	2,550	11	11,540	9,150	25	678	11,211	294,352
Illinois.....	59	257,459	0	22,908	280,367	18	133,165	28	73,284	42	60,122	18	8,846	8	3,262	875	0	813	2,854	260,313
Indiana.....	71	341,625	0	31,335	372,960	27	210,250	30	82,850	33	56,200	15	15,830	14	3,945	3,740	0	145	9,895	351,520
Iowa.....	115	525,870	0	29,770	555,640	25	205,250	45	96,020	90	191,485	47	31,881	21	14,024	15,425	120	1,555	2,000	527,870
Kansas.....	63	360,339	0	21,790	382,129	20	169,571	38	91,220	58	84,179	69	29,282	12	6,630	0	0	1,247	4,321	364,660
Kentucky.....	71	378,502	2,495	27,160	408,157	31	266,450	19	47,565	40	67,515	12	3,545	38	18,369	1,790	0	2,923	8,503	389,500
Louisiana.....	133	697,387	500	46,873	744,760	98	628,505	26	76,630	19	30,160	0	0	26	8,635	0	0	830	5,730	703,617
Maine.....	60	225,175	1,000	8,380	234,555	5	13,945	47	23,812	33	103,770	75	63,153	14	14,350	13,745	593	1,780	8,080	234,255
Maryland.....	34	187,981	0	17,776	205,757	14	104,200	11	32,330	14	52,505	12	9,195	15	5,088	0	0	2,439	0	187,981
Massachusetts...	7	38,452	0	250	38,702	1	7,965	2	3,270	3	20,527	3	600	2	600	5,300	4	440	0	38,452
Michigan.....	69	298,048	0	13,641	311,689	9	69,750	45	139,940	28	60,820	28	32,825	12	3,615	4,000	72	739	23,316	321,364
Minnesota.....	71	314,333	500	46,586	361,419	16	116,633	20	37,670	55	157,493	32	29,605	22	7,945	10,300	359	1,773	580	315,413
Mississippi.....	333	1,215,960	13,865	58,588	1,288,413	189	926,838	107	151,620	71	125,800	14	6,150	164	57,755	15,935	80	4,315	17,859	1,247,684
Missouri.....	209	786,009	2,800	52,266	841,075	62	363,715	90	166,293	124	186,670	80	18,770	17	40,152	61,595	1,087	3,880	9,815	798,624
Montana.....	34	192,625	0	21,435	214,060	14	123,930	14	63,430	11	17,435	4	4,180	8	4,460	0	0	625	3,600	196,225
Nebraska.....	70	323,258	500	12,332	336,090	10	84,990	32	81,875	76	122,540	51	28,975	23	14,165	2,810	0	735	0	323,758
Nevada.....	7	50,195	0	3,620	53,815	3	30,815	4	21,850	1	750	0	0	0	0	0	0	400	1,500	51,695
New Hampshire...	4	12,125	0	130	12,255	1	3,215	1	300	3	8,015	0	0	0	0	725	0	0	0	12,125
New Jersey.....	32	174,592	0	16,811	191,403	3	25,475	5	19,085	26	121,896	9	23,487	1	500	0	0	960	4,029	178,621
New Mexico.....	58	355,645	500	14,565	370,710	29	203,350	24	53,750	39	54,490	16	6,950	28	20,210	31,115	1,983	845	6,912	363,057
New York.....	32	168,965	0	5,058	174,023	4	19,060	13	30,710	12	64,728	17	53,945	1	1,000	2,800	99	1,780	2,500	171,465
North Carolina..	167	903,085	500	74,280	977,865	89	674,986	44	97,435	121	165,325	17	4,760	103	30,600	2,705	0	2,054	6,190	909,775
North Dakota....	41	244,743	0	42,344	287,087	16	163,952	13	51,160	18	69,260	0	0	2	1,985	0	0	730	2,250	246,993
Ohio.....	47	203,735	0	3,804	207,539	9	55,765	28	77,925	23	43,022	17	19,395	13	4,800	5,220	0	1,412	1,860	205,595
Oklahoma.....	210	1,073,225	0	21,126	1,094,351	63	491,617	64	192,413	152	337,613	36	13,988	100	47,585	7,196	160	3,939	20,899	1,094,124
Oregon.....	54	324,709	0	17,978	342,687	19	160,120	27	99,635	23	51,025	16	12,020	8	5,120	13,055	16	1,712	5,000	329,709
Pennsylvania....	72	387,994	0	8,927	396,921	13	101,738	31	83,633	41	147,371	29	46,792	7	4,120	10,565	57	2,702	5,129	393,123
Rhode Island....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina..	145	837,195	0	96,095	933,290	101	760,870	26	75,900	37	64,650	2	4,050	64	24,485	1,700	25	1,635	8,701	845,896
South Dakota....	28	140,340	0	535	140,875	1	6,000	16	45,783	24	59,230	27	15,601	15	12,975	0	0	1,086	0	140,340
Tennessee.....	57	317,746	0	24,099	341,845	39	264,850	6	13,470	31	37,250	4	4,375	41	21,685	0	0	215	5,963	323,709
Texas.....	265	1,580,051	10,450	149,083	1,739,584	151	1,192,258	90	209,395	115	175,360	43	5,966	127	55,924	91,204	946	9,477	7,600	1,598,101
Utah.....	42	237,849	0	19,826	257,675	16	128,519	22	95,138	21	30,643	1	175	1	550	2,650	80	0	4,400	242,249
Vermont.....	5	17,650	0	0	17,650	0	0	1	360	4	12,365	2	4,275	1	100	300	0	250	0	17,650
Virginia.....	64	432,417	0	36,169	468,586	35	289,770	18	61,205	30	95,685	3	1,930	37	17,535	2,000	0	461	25,253	457,670
Washington.....	43	273,898	0	14,187	288,085	21	183,740	10	32,265	20	58,215	7	5,050	6	6,280	750	0	1,785	8,266	282,164
West Virginia...	49	262,384	500	12,375	275,259	17	137,825	20	48,840	33	65,075	11	4,805	34	13,670	3,960	0	1,084	10,534	273,418
Wisconsin.....	63	312,220	0	28,310	340,530	13	72,000	26	74,625	55	138,305	30	37,125	19	10,620	5,849	280	2,006	5,064	317,284
Wyoming.....	28	160,680	0	8,845	169,525	9	82,275	14	54,755	14	23,645	5	1,660	11	7,190	0	0	0	4,615	165,295
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii.....	31	263,140	0	7,810	270,950	27	219,315	4	7,550	15	37,683	0	0	5	4,382	900	0	1,120	2,500	265,640
Puerto Rico.....	114	355,700	24,640	16,350	396,690	50	321,700	58	42,920	10	22,200	1	400	22	9,470	0	0	0	71	380,411
Virgin Islands..	7	30,300	500	2,750	33,550	5	26,750	2	1,800	0	0	0	0	4	4,500	500	0	0	0	30,800

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Table VIII - Farm Housing: Number of Borrowers and Persons Receiving Grants, and Average Amount of Loans and Grants, 1952 Fiscal Year and Cumulative From 1950

State and territory	1952 fiscal year 1/										1950, 1951 and 1952 fiscal years 2/									
	Section 502 loans		Section 503 loans		Section 504 loans and grants						Section 502 loans		Section 503 loans		Section 504 loans and grants					
					Loans without grants		Loans with grants		Grants only						Loans without grants		Loans with grants		Grants only	
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
U. S. Total.....	3,836	$5,144	192	$4,932	52	$929	29	$959	162	$475	12,174	$4,861	652	$4,691	134	$923	99	$944	568	$466
Alabama.....	200	5,773	3	4,157	4	808	2	800	47	489	643	5,393	9	3,749	7	785	8	834	48	489
Arizona.....	26	7,387	1	7,000	0	0	0	0	0	0	74	6,529	1	7,000	0	0	0	0	0	0
Arkansas.....	273	3,079	30	3,769	20	921	2	958	13	450	562	3,146	46	3,717	23	923	10	986	65	381
California.....	92	5,808	1	7,000	0	0	0	0	0	0	324	5,386	14	5,666	1	1,000	0	0	0	0
Colorado.....	46	5,354	8	6,416	0	0	0	0	0	0	129	5,593	21	5,664	0	0	1	500	1	500
Connecticut.....	9	3,961	1	1,450	0	0	2	875	0	0	18	3,833	2	2,721	0	0	4	794	0	0
Delaware.....	3	4,250	0	0	0	0	0	0	0	0	5	5,258	0	0	0	0	0	0	0	0
Florida.....	107	5,917	1	6,700	0	0	0	0	0	0	248	5,212	11	7,744	0	0	0	0	2	488
Georgia.....	266	4,927	2	5,275	0	0	0	0	1	500	832	4,571	21	3,865	2	982	2	952	7	454
Idaho.....	44	6,040	3	5,800	0	0	0	0	0	0	226	5,985	20	7,384	5	882	2	1,000	2	500
Illinois.....	58	4,380	1	3,400	0	0	0	0	0	0	220	3,870	9	3,514	0	0	0	0	1	455
Indiana.....	69	4,868	2	2,865	0	0	0	0	0	0	207	4,663	12	4,262	3	760	0	0	0	0
Iowa.....	108	4,561	7	4,747	0	0	0	0	0	0	210	4,423	14	3,895	0	0	0	0	0	0
Kansas.....	63	5,720	0	0	0	0	0	0	0	0	194	4,954	8	3,654	0	0	0	0	1	500
Kentucky.....	65	5,749	1	4,315	0	0	1	1,000	4	499	236	4,939	10	4,254	0	0	3	998	5	485
Louisiana.....	131	5,316	0	0	1	1,000	0	0	1	500	423	4,962	2	4,350	12	938	3	1,000	12	496
Maine.....	52	3,772	6	4,838	0	0	0	0	2	500	173	3,615	13	5,282	0	0	2	1,000	14	500
Maryland.....	34	5,529	0	0	0	0	0	0	0	0	90	4,723	1	5,500	0	0	0	0	0	0
Massachusetts...	4	6,307	3	4,408	0	0	0	0	0	0	10	5,522	4	4,556	0	0	0	0	0	0
Michigan.....	64	4,451	4	3,050	1	1,000	0	0	0	0	273	4,846	23	3,688	3	1,000	4	1,000	3	500
Minnesota.....	61	4,606	9	3,707	0	0	0	0	1	500	163	4,266	34	3,283	2	928	3	1,000	4	500
Mississippi.....	285	4,124	10	3,211	8	931	2	1,000	28	459	700	3,958	17	3,073	14	921	2	1,000	117	455
Missouri.....	179	3,768	22	4,975	1	1,000	2	1,000	5	360	556	3,431	40	4,172	5	907	3	1,000	8	341
Montana.....	34	5,665	0	0	0	0	0	0	0	0	125	5,647	2	3,400	1	1,000	1	1,000	0	0
Nebraska.....	63	4,690	6	4,628	0	0	0	0	1	500	268	4,328	32	4,289	0	0	0	0	1	500
Nevada.....	7	7,171	0	0	0	0	0	0	0	0	17	7,047	3	8,433	0	0	0	0	0	0
New Hampshire...	2	4,032	2	2,030	0	0	0	0	0	0	4	4,115	2	2,030	0	0	2	882	0	0
New Jersey.....	32	5,456	0	0	0	0	0	0	0	0	88	4,599	0	0	0	0	0	0	0	0
New Mexico.....	52	6,052	4	9,979	1	1,000	0	0	1	500	160	5,106	8	8,536	1	1,000	0	0	1	500
New York.....	30	5,154	2	7,175	0	0	0	0	0	0	96	4,842	16	3,097	2	1,000	0	0	1	446
North Carolina..	161	5,506	4	3,789	1	1,000	1	1,000	0	0	457	5,053	16	5,093	1	1,000	2	980	3	500
North Dakota....	41	5,969	0	0	0	0	0	0	0	0	116	5,614	4	2,955	0	0	0	0	0	0
Ohio.....	41	4,467	6	3,430	0	0	0	0	0	0	126	4,465	6	3,430	0	0	0	0	5	484
Oklahoma.....	205	5,157	3	4,732	2	890	0	0	0	0	754	4,774	11	3,778	4	864	0	0	5	452
Oregon.....	50	5,997	4	6,219	0	0	0	0	0	0	152	6,569	15	6,234	3	1,000	0	0	0	0
Pennsylvania....	67	5,278	5	6,879	0	0	0	0	0	0	258	4,101	23	4,604	3	933	7	936	2	500
Rhode Island....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina..	143	5,827	1	2,950	1	1,000	0	0	0	0	417	5,619	1	2,950	7	929	1	1,000	1	200
South Dakota....	28	5,012	0	0	0	0	0	0	0	0	146	4,933	1	2,385	0	0	0	0	0	0
Tennessee.....	55	5,741	0	0	2	1,000	0	0	0	0	375	4,996	4	4,025	7	964	0	0	27	518
Texas.....	211	6,659	25	6,575	8	950	6	1,000	15	497	760	5,621	97	5,164	20	943	20	971	128	484
Utah.....	41	5,656	1	5,950	0	0	0	0	0	0	211	5,904	6	6,600	0	0	0	0	1	500
Vermont.....	3	3,910	2	2,960	0	0	0	0	0	0	9	3,449	4	3,738	0	0	0	0	0	0
Virginia.....	62	6,872	1	5,355	1	1,000	0	0	0	0	225	6,166	7	4,659	4	994	1	1,000	2	500
Washington.....	42	6,414	1	4,500	0	0	0	0	0	0	143	6,745	12	7,603	0	0	1	1,000	0	0
West Virginia...	44	5,578	4	4,239	0	0	0	0	1	500	173	6,024	14	4,485	0	0	1	1,000	5	450
Wisconsin.....	59	4,908	4	5,662	0	0	0	0	0	0	190	4,352	20	4,043	0	0	1	1,000	2	500
Wyoming.....	28	5,739	0	0	0	0	0	0	0	0	106	5,215	11	6,500	1	800	0	0	0	0
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1,000	0	0	0	0
Hawaii.....	30	8,238	1	16,000	0	0	0	0	0	0	75	8,035	2	12,500	0	0	0	0	0	0
Puerto Rico.....	62	5,656	0	0	0	0	10	955	42	478	200	4,573	1	8,000	1	760	14	904	93	486
Virgin Islands..	4	6,250	1	4,000	1	800	1	1,000	0	0	7	4,404	2	4,250	1	800	1	1,000	1	500

1/ Initial loans and grants only.
2/ Number of initial loans and grants; average amount based on initial and subsequent loans and grants.

Production and Subsistence Loans - Title II

Title II of the Bankhead-Jones Farm Tenant Act, as amended by the Farmers' Home Administration Act of August 14, 1946 and Public Law 123, approved August 23, 1951, authorizes loans to eligible farm families who are unable to obtain needed credit from any other source at reasonable rates and terms to meet their farm and home operating needs. In addition to credit, borrowers are provided practical on-the-farm guidance, as required, to assist them in adopting improved farm and home management practices and in making other adjustments necessary to place their farming operations on a sound and profitable basis. These activities are designed to help low-income farmers, including veterans who wish to become established on farms, in developing more efficient farm and home operations that will provide adequate living for their families and greater security on the land.

1. Purposes and Terms of Loans: Loans are made for the purchase of necessary livestock, farm equipment, feed, seed, fertilizer, other farm needs, essential home equipment and family subsistence, including medical care. Loans to any individual borrower in any fiscal year may not exceed $7,000, and the total outstanding indebtedness of any borrower for all such loans may not exceed $10,000. Interest is charged at the rate of five percent on the unpaid principal balance

   Production and subsistence loans are made primarily to eligible farmers who have or can acquire the necessary land resources and have the background and the ability to enable them to make needed adjustments in their farming operations to place such operations on a sound and efficient basis. Adjustment loans are based on individual farm and home plans developed with the advice and assistance of the County Supervisor, and may be repaid over a period of not to exceed seven years in a manner consistent with the borrower's ability to pay. A limited number of annual loans are made to operators of family-type farms whose primary credit needs are of a seasonal or emergency nature to provide necessary credit for the production of cash crops or to purchase or grow feed for productive livestock or livestock being fed for the market. Annual operating loans are scheduled for repayment when the principal income from the enterprise financed with such loans normally would be received, usually within one year.

2. Supervision (On-The-Farm Guidance): Many applicants for operating loans are handicapped by inadequate land resources, lack of experience, lack of knowledge of modern and efficient management practices, lack of equipment or livestock, or a combination of such problems. Borrowers are provided practical on-the-farm assistance in analyzing, planning and carrying out sound farm and home operations so as to make the best use of their land, labor, capital and skills. Such supervision contributes directly to the success of the borrowers and is a protection of the financial interest of the Government.

3. Significant Program Data:

A. Decrease in Number of New Loans Made: Despite the continuing high level of demand for farm operating loans throughout the nation, the number of new applicants served has decreased sharply in recent years. The following table shows the number of new operating loans made and the total amount of funds available during each of the fiscal years 1948 through 1952, and estimates for 1953:

Fiscal Year	Number New Loans Made			Total Available for Operating Loans
	Adjustment	Annual	Total	
1948	29,962	32,648	62,610	$ 60,000,000
1949	37,935	25,621	63,556	75,000,000
1950	40,622	8,772	49,394	85,000,000
1951	34,311	11,633	45,944	103,000,000
1952	23,659	855	24,514	110,000,000
1953 (Est)	23,750	430	24,180	120,000,000

See Table I for distribution by states.

The sharp decrease in the number of new loans made in recent years has resulted primarily from the following: Increased emphasis has been placed on assisting farmers who would effectively use credit and guidance in making adjustments and improvements necessary to assure success at farming and provide economic security rather than to those farmers desiring only operating credit to continue their inadequate operations. This has increased the average size of loans. The average size of new adjustment loans increased from $1,360 in 1950 to $2,680 in 1952 and it is expected that the average size of such loans will approximate $3,200 during the current fiscal year. Initial adjustment loans to veterans averaged $2,875 in 1952 compared with $2,504 for loans to non-veterans. Larger loans to veterans has contributed to the reduced number of new loans since veterans received 50.9 percent of the funds available for new loans in 1952. Increased costs also have been a major factor contributing to the increased size of new loans. For the same reasons it has been necessary to set aside increasing amounts for subsequent loans to those who have borrowed previously. For these reasons fewer borrowers can be served now than in prior years with the same amount of loan funds. See table II for loans to veterans distributed by states.

B. Collections: The following is a summary of the cumulative and current collection activity on operating loans:

(1) Cumulative collections on operating loans made by Farmers Home Administration and predecessor agencies have exceeded cumulative advances made during the last six fiscal years by $88,081,306, as shown by the following tables:

Fiscal Year	Loan Disbursements	Principal Repayments	Interest Repayments	Total Repayments
1947	$ 90,432,402	$119,784,295	$14,299,621	$134,083,916
1948	59,996,090	101,453,618	12,769,753	114,223,371
1949	74,999,651	78,279,960	11,282,124	89,562,084
1950	84,998,781	68,004,734	9,702,196	77,706,930
1951	102,936,954	83,307,468	10,926,796	94,234,264
1952	109,998,343	90,566,068	11,066,894	101,632,962
Total	$523,362,221	$541,396,143	$70,047,384	$611,443,527

(2) Cumulative loan advances and collections of Farm Security Administration, Emergency Crop and Feed Loan Division, and Farmers Home Administration follows:

	Loan Advances	Collections to 6/30/52 Principal	Collections to 6/30/52 Interest	Principal Repay. to Maturities	Total Colls. to Advances
Rural Rehabilitation Loans - June 1935 to 10/31/46	$1,004,870,681	$885,732,043	$122,508,695	88.3%	100.3%
Emergency Crop and Feed Loans- 1918 to 10/31/46	575,934,586	473,111,944	54,896,455	82.1%	91.7%
Production and Subsistence Loans - 11/1/46 to 6/30/52	494,034,689	294,395,159	23,507,139	94.5%	64.3%

See Tables III amd IV for distribution by states

Production and subsistence loans are scheduled for repayment over a period extending from one to seven years and a large portion of the total advances for such loans is not yet due. This accounts for the fact that collections total only 64.3% of the advances made through June 30.

C. Debts, Compromised, Adjusted or Cancelled Pursuant to Public Laws 518 and 731: Continued emphasis is being given to the settlement of operating loan accounts eligible for compromise, adjustment, or cancellation as shown by the following table:

	During Fiscal Year 1952	From Inception April 4, 1945 through June 30, 1952
Number of borrowers involved in settlements	82,873	664,231
Original principal indebtedness	$ 40,029,510	$ 211,114,080
Repaid prior to settlement:		
Principal	15,183,807	78,517,952
Interest	2,873,677	12,558,965
Unpaid balance at time of settlement:		
Principal	24,845,703	132,596,128
Interest	15,966,859	46,285,550
Principal and interest paid at time of settlement	2,637,088	14,252,220
Principal and interest written off	38,175,474	164,629,458

D. Progress of Borrowers: The average value of products produced by the 34,595 borrowers who completed payment of their loans in 1951 and continued as family-type farm operators was $3,356, or 66 percent more than the average of $2,021 produced the year before they received their loans. Gross income for these borrowers, including off-farm income, average $2,146 before they received their loans and $3,413 in the year when the loans were paid.

The average net worth increased from $2,667 to $5,029, and working capital from $1,430 to $3,029. Before receiving their loans 52 percent had electricity, whereas 77 percent had electricity in 1951. Thirty-one percent had refrigerators before acceptance and 61 percent when the loans were repaid. Running water increased from 19 percent before acceptance to 31 percent in 1951.

Approximately 16,000 of the 34,595 borrowers either owned all or part of the farms they operated before they received their loans. By 1951 the number of owners or part owners in the group had increased to almost 20,000 or 57 percent of the total.

Results of the emphasis on improved farm and home management practices and the guidance in establishing desirable farm and home management operations is evidenced by reports showing an increase of 86 percent in the number of borrowers using adequate

amounts of fertilizer, a 63 percent increase in the number of borrowers breeding to approved sires, and 58 percent increase in those adequately vaccinating livestock and treating for disease prevention in the 1951 crop year.

There was also a 47 percent increase in the number of borrowers using recommended seed varieties, a 55 percent increase in the number feeding balanced rations, and an 81 percent increase in those developing adequate improved pastures. Examination of improvements in home management and family living shows a 38 percent increase in the number of borrowers preserving and storing adequate quantities of fruits and vegetables for home use, and a 31 percent increase in the number of families, conserving and storing adequate meat supplies for home use.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Total Production and Subsistence Loans to Individuals, 1951 and 1952 Fiscal Years and Cumulative From Inception, November 1, 1946, Through June 30, 1952 1/

State and territory	1951 fiscal year						1952 fiscal year						Cumulative - November 1, 1946 through June 30, 1952					
	Adjustment loans				Annual loans		Adjustment loans				Annual loans		Adjustment loans				Annual loans	
	Initial		Subsequent				Initial		Subsequent				Initial		Subsequent			
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
U. S. Total.....	28,063	$1,795	37,575	$878	3,630	$436	23,659	$2,680	34,374	$1,341	855	$570	177,470	$1,462	247,878	$707	145,161	$285
Alabama.....	774	1,288	2,503	642	16	269	1,039	1,923	1,515	1,144	4	202	9,853	730	18,809	403	5,575	230
Arizona.....	92	2,251	137	1,383	1	700	58	3,679	98	2,628	0	0	394	2,363	508	1,461	129	605
Arkansas.....	1,155	1,704	1,398	853	120	319	1,002	2,743	1,251	1,282	64	702	8,316	1,256	12,962	575	8,472	279
California.....	392	2,495	353	1,403	20	1,279	312	3,713	392	2,144	5	2,833	1,917	2,616	1,899	1,479	261	1,015
Colorado.....	431	2,657	837	1,004	40	570	288	4,061	795	1,850	15	513	2,234	2,654	4,702	1,114	611	539
Connecticut.....	20	2,822	12	1,452	1	400	21	4,864	22	2,068	0	0	70	3,229	88	1,425	27	624
Delaware.....	11	2,468	14	930	0	0	13	1,717	25	1,383	3	567	70	1,727	167	967	47	401
Florida.....	442	1,587	388	1,090	0	0	365	2,469	481	1,659	0	0	2,732	1,127	3,678	702	2,609	294
Georgia.....	923	1,633	1,111	1,169	45	428	889	2,566	1,167	1,575	15	909	9,398	948	12,059	577	12,970	264
Idaho.....	614	2,285	849	1,012	6	622	526	3,084	920	1,380	1	3,000	2,698	2,272	4,296	1,073	417	572
Illinois.....	602	2,346	764	926	9	483	516	3,381	614	1,305	4	942	2,844	2,403	3,299	915	368	431
Indiana.....	494	2,256	294	890	28	466	521	3,112	307	1,266	3	335	2,244	2,323	1,700	845	519	350
Iowa.....	432	2,527	1,154	773	0	0	365	3,923	1,131	1,052	0	0	2,298	2,370	5,289	762	275	478
Kansas.....	454	2,823	680	847	74	618	474	3,456	781	1,081	8	1,596	2,482	2,479	4,384	724	699	438
Kentucky.....	974	1,112	1,186	625	84	290	843	1,865	904	1,016	30	345	6,880	885	6,473	512	3,748	188
Louisiana.....	1,301	1,330	797	951	205	434	1,043	2,175	821	1,486	27	423	7,188	1,079	8,417	618	10,872	265
Maine.....	295	1,770	385	1,157	28	827	276	2,449	338	1,567	1	3,500	1,719	1,976	1,988	1,234	313	849
Maryland.....	243	1,776	216	992	15	273	221	2,440	212	1,327	7	581	1,069	1,871	1,401	853	817	298
Massachusetts.....	14	1,856	41	1,495	3	683	25	3,591	24	2,025	1	1,000	144	2,302	244	1,379	96	682
Michigan.....	657	2,172	655	1,036	11	829	548	3,278	537	1,491	8	612	3,643	2,149	2,764	1,060	358	351
Minnesota.....	602	2,682	903	800	356	532	497	4,176	445	1,570	2	525	3,497	2,620	2,748	940	1,504	426
Mississippi.....	1,056	1,361	1,728	886	13	633	1,042	2,053	1,619	1,226	5	420	7,962	1,006	17,675	517	11,836	220
Missouri.....	881	2,325	1,389	759	0	0	846	3,159	1,067	1,008	2	975	5,270	1,971	6,950	703	914	326
Montana.....	417	2,876	914	1,212	24	1,622	212	4,741	1,074	2,087	4	812	1,906	2,894	5,437	1,209	685	649
Nebraska.....	356	2,707	501	947	17	879	273	3,676	431	1,393	2	422	1,848	2,576	2,430	889	432	523
Nevada.....	45	2,503	36	1,242	1	3,200	27	4,225	38	2,800	0	0	190	2,833	190	1,684	18	1,224
New Hampsbire.....	36	2,896	63	1,587	0	0	24	4,794	72	2,324	1	400	179	3,082	372	1,485	67	372
New Jersey.....	143	2,124	186	1,258	9	631	150	2,788	204	1,805	2	700	868	2,083	1,025	1,258	148	717
New Mexico.....	358	2,121	611	995	66	520	304	3,554	424	1,745	24	459	1,490	2,359	2,439	1,053	1,090	521
New York.....	365	2,625	642	1,058	51	744	255	4,300	548	1,931	2	2,700	1,579	2,704	4,124	1,030	713	534
North Carolina.....	2,277	1,059	2,110	718	286	350	1,411	1,771	2,122	1,127	39	515	18,421	767	17,053	551	17,337	261
Nortb Dakota.....	463	2,318	682	736	557	541	324	3,380	464	1,495	208	618	2,112	2,448	2,697	850	3,470	467
Ohio.....	491	2,524	279	1,210	25	355	421	3,377	331	1,617	7	394	2,192	2,423	1,208	1,137	510	301
Oklahoma.....	1,244	2,221	1,548	754	45	440	1,086	2,919	2,355	920	30	467	7,265	1,934	15,800	558	1,960	315
Oregon.....	338	2,197	364	1,208	6	420	264	3,103	449	1,673	3	833	1,436	2,311	1,970	1,206	166	578
Pennsylvania.....	524	2,256	571	1,065	20	474	460	2,962	579	1,381	15	742	2,423	2,276	2,739	1,030	735	426
Rhode Island.....	3	2,713	9	1,181	0	0	2	5,975	7	1,343	0	0	20	2,970	61	1,181	1	1,000
South Carolina.....	1,606	872	986	556	87	235	1,466	1,337	850	1,074	2	68	17,002	497	12,096	364	21,496	224
South Dakota.....	362	2,885	591	826	67	629	205	4,078	533	1,620	4	722	1,835	2,805	2,773	945	999	424
Tennessee.....	755	1,100	1,119	587	149	203	832	1,678	953	887	37	317	4,886	958	6,573	490	3,469	220
Texas.....	1,532	2,226	3,318	954	258	462	1,269	3,380	2,891	1,322	98	667	8,364	2,059	23,339	748	12,160	299
Utah.....	181	2,094	421	1,067	9	1,238	219	2,775	393	1,346	5	1,692	1,081	2,054	1,956	1,088	292	521
Vermont.....	29	2,785	91	1,082	0	0	49	4,753	97	1,829	0	0	293	3,178	579	1,141	30	364
Virginia.....	625	1,121	772	724	67	265	524	1,525	675	940	50	282	2,960	952	2,800	670	4,553	209
Washington.....	426	2,576	407	1,419	2	995	294	3,682	473	2,187	1	920	1,653	2,688	1,729	1,518	125	951
West Virginia.....	202	1,714	225	923	36	244	199	2,325	253	1,053	6	292	1,462	1,199	1,258	834	559	186
Wisconsin.....	613	2,412	850	911	29	84	587	3,350	800	1,253	14	486	3,554	2,437	3,656	917	511	270
Wyoming.....	271	2,864	792	1,339	33	1,216	218	4,258	732	1,831	5	1,233	1,510	2,816	3,905	1,275	384	934
Alaska.....	15	2,199	3	792	0	0	10	3,610	3	1,900	0	0	70	2,402	12	1,223	0	0
Hawaii.....	54	2,085	39	1,076	0	0	63	2,104	38	1,247	1	1,000	299	1,927	151	1,191	3	767
Puerto Rico.....	1,454	439	1,640	572	644	269	771	1,280	1,118	1,059	80	254	5,522	546	6,910	544	9,677	350
Virgin Islands.....	19	358	11	439	67	158	10	672	1	1,650	10	252	128	474	96	312	134	138

1/ Does not include loans in disaster areas obligated from tbe 1951 Supplemental appropriation, or loans from state rural rehabilitation corporation funds.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Production and Subsistence Loans to Veterans Only, 1950, 1951, and 1952 Fiscal Years 1/

State and territory	1950 fiscal year						1951 fiscal year						1952 fiscal year					
	Adjustment loans				Annual loans		Adjustment loans				Annual loans		Adjustment loans				Annual loans	
	Initial		Subsequent				Initial		Subsequent				Initial		Subsequent			
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
U. S. Total.....	19,473	$1,591	13,291	$721	2,223	$400	13,787	$1,978	16,121	$949	948	$514	11,254	$2,875	15,822	$1,428	219	$734
Alabama.....	1,175	580	895	357	26	255	400	1,384	799	633	6	146	561	1,997	513	1,230	1	250
Arizona.....	73	2,137	45	1,243	5	586	44	2,386	73	1,528	1	700	32	3,850	52	2,454	0	0
Arkansas.....	986	1,155	998	542	253	278	611	1,648	671	970	42	267	554	2,755	535	1,327	23	896
California.....	226	2,527	122	1,482	7	1,123	209	2,583	166	1,365	11	1,575	157	3,740	201	2,303	4	3,291
Colorado.....	252	2,526	318	985	15	780	214	2,659	369	1,015	18	683	139	3,878	367	1,957	8	471
Connecticut.....	5	1,800	6	1,342	2	1,950	9	2,389	5	1,990	0	0	7	5,429	7	1,864	0	0
Delaware.....	5	2,250	11	823	1	1,560	3	2,167	5	1,135	0	0	4	1,431	6	1,105	0	0
Florida.....	404	940	158	778	43	408	221	1,662	180	1,192	0	0	212	2,382	227	1,761	0	0
Georgia.....	902	994	368	656	6	361	435	1,690	386	1,200	13	382	356	2,695	431	1,635	3	2,533
Idaho.....	379	2,266	343	992	8	540	337	2,376	466	1,035	1	450	278	3,098	552	1,445	1	3,000
Illinois.....	412	2,318	190	810	3	408	350	2,376	423	948	2	538	302	3,465	342	1,390	3	1,023
Indiana.....	310	2,122	85	794	17	299	277	2,355	151	932	13	536	273	3,198	171	1,405	0	0
Iowa.....	376	1,961	290	622	0	0	261	2,530	510	775	0	0	211	3,948	572	1,102	0	0
Kansas.....	403	2,325	288	731	12	961	313	2,841	412	895	19	827	270	3,503	500	1,126	4	1,392
Kentucky.....	826	815	297	527	90	281	548	1,135	475	676	32	325	466	1,847	427	1,068	13	357
Louisiana.....	934	826	305	747	171	460	520	1,481	299	1,118	45	478	376	2,472	328	1,495	11	375
Maine.....	171	1,908	127	1,099	31	1,015	110	1,763	176	1,184	7	1,278	105	2,480	170	1,587	1	3,500
Maryland.....	84	1,908	52	1,015	11	287	87	1,943	59	954	1	300	75	2,888	71	1,065	3	550
Massachusetts.....	15	1,874	22	1,641	2	600	5	2,200	20	1,382	1	1,000	12	3,598	11	2,468	0	0
Michigan.....	435	2,059	223	997	8	481	387	2,266	334	1,087	9	868	277	3,276	313	1,519	4	775
Minnesota.....	600	2,451	274	840	6	556	372	2,709	579	793	109	492	276	4,080	249	1,583	1	450
Mississippi.....	1,002	1,081	703	592	61	262	571	1,447	665	921	5	1,130	559	2,256	694	1,302	1	275
Missouri.....	790	1,789	602	733	2	405	546	2,335	824	779	0	0	527	3,130	624	1,018	1	1,000
Montana.....	183	2,533	378	971	15	800	236	2,892	410	1,254	11	1,728	119	4,643	523	2,192	0	0
Nebraska.....	277	2,482	172	815	8	821	239	2,742	282	962	7	1,098	143	3,748	252	1,430	1	500
Nevada.....	26	2,820	18	1,074	1	3,500	27	2,578	23	1,229	0	0	10	4,036	23	2,942	0	0
New Hampshire.....	24	2,963	25	1,560	0	0	14	3,108	32	1,658	0	0	9	4,141	30	2,754	1	400
New Jersey.....	86	2,095	63	1,402	1	100	62	1,957	80	1,346	2	350	73	2,662	98	1,895	0	0
New Mexico.....	217	2,212	178	1,004	42	750	175	2,181	298	1,001	26	529	133	3,736	208	1,740	6	378
New York.....	229	2,410	253	841	23	875	177	2,663	248	1,094	21	750	117	4,529	235	2,156	0	0
North Carolina.....	1,207	621	488	466	95	229	970	1,114	529	682	78	365	603	1,905	645	1,206	9	647
North Dakota.....	297	2,257	292	672	163	506	242	2,465	325	781	136	548	162	3,481	232	1,503	42	589
Ohio.....	331	2,360	67	1,034	15	413	263	2,549	176	1,174	7	225	219	3,320	223	1,704	1	275
Oklahoma.....	989	1,912	902	622	30	353	770	2,168	836	813	12	472	641	2,893	1,157	966	11	392
Oregon.....	202	2,262	108	1,237	2	1,812	180	2,247	194	1,214	3	340	148	3,133	234	1,681	0	0
Pennsylvania.....	369	2,230	118	1,079	13	518	271	2,315	278	1,073	4	600	233	3,003	284	1,478	5	490
Rhode Island.....	1	2,500	2	1,250	0	0	1	3,500	1	500	0	0	0	0	1	1,500	0	0
South Carolina.....	550	547	392	303	412	239	502	958	207	665	21	324	390	1,576	242	1,117	0	0
South Dakota.....	276	2,724	279	698	12	504	199	2,899	344	869	30	656	119	4,235	290	1,711	1	985
Tennessee.....	452	885	261	474	104	231	367	1,219	364	654	50	234	350	1,698	403	938	9	414
Texas.....	1,267	1,999	1,554	698	230	460	804	2,323	1,460	1,036	67	511	599	3,631	1,366	1,407	26	895
Utah.....	167	2,238	164	1,062	3	367	98	2,202	233	1,047	4	961	118	2,863	224	1,379	1	5,550
Vermont.....	20	2,616	44	1,196	0	0	7	3,329	35	1,135	0	0	24	5,242	36	2,173	0	0
Virginia.....	236	1,250	86	722	38	402	294	1,326	222	822	26	324	223	1,810	247	1,063	8	359
Washington.....	262	2,655	111	1,472	2	2,140	246	2,693	228	1,526	1	1,240	157	3,808	289	2,336	1	920
West Virginia.....	130	1,644	78	862	38	310	118	1,683	113	1,011	10	235	97	2,515	124	1,403	3	200
Wisconsin.....	472	2,433	200	876	6	357	317	2,532	481	930	5	40	294	3,494	460	1,291	4	255
Wyoming.....	236	2,832	218	1,218	62	952	164	2,815	488	1,337	19	1,257	114	4,119	460	1,825	2	1,320
Alaska.....	16	2,080	0	0	0	0	9	2,359	2	850	0	0	7	3,771	2	2,100	0	0
Hawaii.....	25	1,985	12	948	0	0	28	1,950	16	1,066	0	0	21	2,105	20	1,042	1	1,000
Puerto Rico.....	156	819	84	580	128	349	176	530	168	698	71	330	100	1,234	150	1,363	4	206
Virgin Islands.....	5	1,140	2	850	0	0	1	400	1	450	2	250	2	775	1	1,650	1	720

1/ Does not include loans in disaster areas obligated from the 1951 Supplemental appropriation or loans from state rural rehabilitation corporation funds.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table III Production and Subsistence Loans, Maturities and Collections, Cumulative through June 30, 1952 1/

State and Territory	Cumulative Loan Obligations	Cumulative Advances	Matured Principal	Collections			Principal		Unpaid Principal Balance	Ratio of Principal Repayments to Matured Principal
				Principal Repayments	Interest Payments	Totals	Write-Offs	Judgments		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
U. S. Totals	$ 494,098,568	$ 494,034,689	$ 311,488,928	$ 294,395,159	$ 23,507,139	$ 317,902,298	$ 866,605	$ 91,409	$ 198,681,516	94.5
Alabama	16,967,022	16,921,254	12,257,559	11,535,484	567,790	12,103,274	33,921	3,803	5,348,046	94.1
Arizona	1,751,346	1,762,696	1,144,914	1,057,066	78,509	1,135,575	8,194		697,436	92.3
Arkansas	22,904,544	22,703,684	15,795,690	14,867,674	919,198	15,786,872	31,213	1,235	7,803,562	94.1
California	8,094,714	8,390,624	5,340,087	4,939,989	460,171	5,400,160	22,573	307	3,427,755	92.5
Colorado	12,023,467	11,920,314	7,485,583	6,934,581	556,240	7,490,821	7,340	274	4,978,119	92.6
Connecticut	368,225	395,510	214,827	212,970	17,787	230,757	888		181,652	99.1
Delaware	301,267	303,453	180,785	157,877	21,906	179,783			145,576	87.3
Florida	6,480,818	6,521,594	4,354,357	3,919,617	245,074	4,164,691	38,358	815	2,562,804	90.0
Georgia	19,885,591	19,863,575	14,475,489	13,470,785	660,709	14,131,494	106,076	6,862	6,279,852	93.1
Idaho	11,028,932	11,041,422	5,972,630	5,801,269	580,391	6,381,660	527	1,418	5,238,208	97.1
Illinois	10,012,797	10,078,625	5,377,469	5,229,003	585,385	5,814,388	9,607		4,840,015	97.2
Indiana	6,832,044	6,905,230	3,525,229	3,416,332	375,980	3,792,312	2,405	2,914	3,483,579	96.9
Iowa	9,611,641	9,635,669	4,932,823	4,924,045	521,458	5,445,503	15,222	1,600	4,694,802	99.8
Kansas	9,634,708	9,661,059	5,136,624	4,732,490	543,175	5,275,665	12,338	151	4,916,080	92.1
Kentucky	10,111,408	10,049,634	6,209,141	5,919,467	506,672	6,426,139	6,975	1,956	4,121,236	95.3
Louisiana	17,370,594	17,358,979	12,721,718	12,239,993	598,010	12,838,003	27,135	906	5,090,945	96.2
Maine	6,115,592	6,087,928	4,328,797	4,152,987	288,183	4,441,170	7,482		1,927,459	95.9
Maryland	3,438,230	3,458,171	1,805,698	1,609,879	216,212	1,826,091	313		1,847,979	89.2
Massachusetts	733,366	739,592	528,416	492,919	45,105	538,024	2,077	556	244,040	93.3
Michigan	10,885,786	10,904,792	5,457,572	5,067,758	759,576	5,827,334	23,302		5,813,732	92.9
Minnesota	12,666,800	12,694,734	7,015,519	6,913,531	780,798	7,694,329	3,488	5,884	5,771,831	98.5
Mississippi	20,837,937	20,774,476	14,549,757	13,420,244	817,148	14,237,392	62,543	2,007	7,289,682	92.2
Missouri	16,301,284	16,295,115	9,757,329	9,377,239	866,765	10,244,004	16,602	301	6,900,973	96.1
Montana	12,803,169	12,758,989	7,181,522	6,741,802	629,281	7,371,083	2,436	3,516	6,011,235	93.9
Nebraska	7,200,525	7,243,286	4,091,994	3,997,812	412,928	4,410,740	4,338	943	3,240,193	97.7
Nevada	883,249	858,578	492,144	464,064	53,677	517,741	1,600		392,914	94.3
New Hampshire	1,129,539	1,120,077	528,254	508,057	77,327	585,384	3,301		608,719	96.2
New Jersey	3,296,723	3,306,945	2,103,079	1,747,977	197,199	1,945,176	1,532	4,993	1,552,443	83.1
New Mexico	6,650,768	6,595,968	3,858,805	3,296,638	282,070	3,578,708	12,457	5,464	3,281,409	85.4
New York	8,901,539	8,922,665	4,723,970	4,209,753	594,259	4,804,012	11,312	3,134	4,698,466	89.1
North Carolina	28,616,622	28,574,539	22,039,698	21,531,171	964,038	22,495,209	62,388	8,683	6,972,297	97.7
North Dakota	9,184,683	9,101,994	5,133,985	4,846,080	453,570	5,299,650	828	4,396	4,250,690	94.4
Ohio	6,838,267	6,902,422	3,378,350	3,199,604	389,292	3,588,896	6,711	921	3,695,186	94.7
Oklahoma	27,070,818	26,874,741	15,901,080	15,353,931	1,425,244	16,779,175	27,004	290	11,493,516	96.6
Oregon	5,824,863	5,847,449	3,119,533	2,994,137	293,893	3,288,030	4,396		2,848,916	96.0
Pennsylvania	8,650,835	8,647,187	4,213,304	4,002,491	555,765	4,558,256	8,316	21,645	4,614,735	95.0
Rhode Island	132,416	135,915	88,850	86,380	9,057	95,437	410		49,125	97.2
South Carolina	19,152,224	19,149,886	15,865,180	14,832,867	589,973	15,422,840	91,211	1,875	4,223,933	93.5
South Dakota	8,737,696	8,731,556	4,657,620	4,409,915	495,320	4,905,235	4,795	460	4,316,386	94.7
Tennessee	9,007,627	9,071,761	5,755,069	5,546,824	411,365	5,958,189	5,239		3,519,698	96.4
Texas	40,330,974	40,450,457	28,025,195	25,503,588	1,790,601	27,294,189	145,712	4	14,801,153	91.0
Utah	4,551,908	4,561,859	2,338,522	2,195,415	258,002	2,453,417	2,833	509	2,363,102	93.9
Vermont	1,606,510	1,590,898	867,532	806,551	118,188	924,739	529		783,818	93.0
Virginia	5,645,456	5,657,009	3,344,278	3,235,165	212,361	3,447,526	7,653	684	2,413,507	96.7
Washington	7,192,178	7,246,447	3,611,885	3,355,913	346,973	3,702,886	2,614	3	3,887,917	92.9
West Virginia	2,906,661	2,885,401	1,385,449	1,378,118	150,639	1,528,757	2,148		1,505,135	99.5
Wisconsin	12,197,499	12,196,613	6,231,965	6,439,116	810,293	7,249,409	1,835		5,755,662	103.3
Wyoming	9,594,370	9,492,575	5,644,496	5,221,064	479,138	5,700,202	1,791		4,269,720	92.5
Alaska	182,880	191,199	97,855	78,923	12,752	91,675			112,276	80.7
Hawaii	758,267	758,263	390,655	300,660	46,147	346,807			457,603	77.0
Puerto Rico	10,583,039	10,582,730	7,780,240	7,648,235	427,242	8,075,477	14,617	2,900	2,916,978	98.3
Virgin Islands	109,150	109,150	70,406	69,709	8,303	78,012	20		39,421	99.0

1/ Loans made by Farmers Home Administration subsequent to October 31, 1946.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table IV Rural Rehabilitation Loans of the Farm Security Administration Including Maturities and Collections, Cumulative through June 30, 1952

State and Territory	Loan Advances October 31, 1946	Matured Principal	Collections			Principal		Outstanding Principal Balance of Loan Advances	Ratio of Total Collections to Loan Advances	Ratio of Principal Repayments to Matured Principal
			Principal Repayments	Interest Payments	Totals	Write-Offs	Judgments			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
U. S. Totals	$1,004,870,681	$1,003,332,807	$885,732,043	$122,508,695	$1,008,240,738	$56,922,479	$1,564,747	$60,651,412	100.3	88.3
Alabama	43,684,123	43,448,779	32,513,634	4,804,867	37,318,501	7,531,667	46,624	3,592,198	85.4	74.8
Arizona	4,029,106	4,022,691	3,564,908	513,472	4,078,380	185,219	22,596	256,383	101.2	88.6
Arkansas	45,292,410	45,227,855	38,778,925	4,171,737	42,950,662	2,856,708	58,488	3,598,289	94.8	85.7
California	21,389,545	21,368,775	17,040,501	2,726,636	19,767,137	2,508,239	51,126	1,789,679	92.4	79.7
Colorado	26,974,302	26,861,804	23,424,896	3,669,763	27,094,659	1,707,883	66,356	1,775,167	100.4	87.2
Connecticut	1,420,080	1,420,080	1,242,103	152,292	1,394,395	87,577	15,216	75,184	98.2	80.4
Delaware	776,642	776,642	655,263	116,682	771,945	5,089		116,290	99.4	84.4
Florida	13,940,684	13,939,936	10,070,300	1,865,070	11,935,370	1,587,228	57,875	2,225,281	85.6	72.2
Georgia	40,834,931	40,823,540	31,118,346	4,465,553	35,583,899	4,976,280	103,660	4,636,645	87.1	76.2
Idaho	18,149,106	18,128,471	17,305,126	2,204,462	19,509,588	389,275	14,428	440,277	107.5	95.5
Illinois	22,024,092	22,013,579	20,529,854	3,016,885	23,546,739	931,824	21,503	540,911	106.9	93.3
Indiana	17,643,343	17,642,975	16,745,309	2,311,301	19,056,610	466,604	14,080	417,350	108.0	94.9
Iowa	25,702,687	25,702,686	25,082,257	3,366,534	28,448,791	534,102	19,772	66,556	110.7	97.6
Kansas	29,747,279	29,658,822	27,388,976	4,347,706	31,736,682	1,004,150	20,378	1,333,775	106.7	92.3
Kentucky	14,609,738	14,603,550	14,142,873	1,647,398	15,790,271	260,694	13,577	192,594	108.1	96.8
Louisiana	34,287,658	34,284,559	28,800,879	3,320,533	32,121,412	2,789,368	99,319	2,598,092	93.7	34.0
Maine	14,074,885	14,074,885	12,186,940	1,482,483	13,669,423	1,148,077	3,182	736,686	97.1	86.6
Maryland	4,333,803	4,331,213	3,699,830	605,835	4,305,665	62,366	2,249	569,358	99.4	85.4
Massachusetts	2,032,751	2,032,751	1,760,570	260,319	2,020,889	163,083	11,056	98,042	99.4	86.6
Michigan	19,484,193	19,476,604	17,713,403	2,793,417	20,506,820	625,094	7,393	1,138,303	105.2	90.9
Minnesota	28,172,157	28,139,839	27,082,133	4,165,626	31,247,759	419,904	23,501	646,619	110.9	96.2
Mississippi	47,480,080	47,410,825	39,348,619	4,571,472	43,920,091	4,241,706	52,569	3,837,186	92.5	83.0
Missouri	36,453,899	36,435,032	34,390,724	4,887,311	39,278,035	1,138,272	30,437	894,466	107.7	94.4
Montana	23,260,022	23,258,597	20,777,927	3,416,493	24,194,420	536,423	115,765	1,829,907	104.0	89.3
Nebraska	27,320,929	27,317,567	25,315,485	4,339,066	29,654,551	1,161,088	22,848	821,508	108.5	92.7
Nevada	1,747,677	1,747,677	1,568,688	236,360	1,805,048	66,260	623	112,106	103.3	89.8
New Hampshire	2,604,377	2,604,377	2,199,398	429,596	2,628,994	188,258		216,721	100.9	84.5
New Jersey	4,041,655	4,034,905	3,069,004	542,149	3,611,153	146,420	16,482	809,749	89.3	76.1
New Mexico	9,675,767	9,668,909	8,350,266	1,176,744	9,527,010	520,473	23,808	781,220	98.5	86.4
New York	16,361,124	16,179,019	13,716,253	2,458,503	16,174,756	598,705	58,819	1,987,347	98.9	84.8
North Carolina	37,635,220	37,566,118	34,609,012	2,735,032	37,344,044	1,530,311	60,129	1,435,768	99.2	92.1
North Dakota	18,814,214	18,810,814	17,142,659	2,994,312	20,136,971	709,902	24,215	937,438	107.0	91.1
Ohio	18,150,490	18,149,265	16,830,281	2,715,846	19,546,127	594,751	34,058	691,400	107.7	92.7
Oklahoma	55,362,523	55,360,429	51,696,270	6,222,134	57,918,404	1,619,789	28,100	2,018,364	104.6	93.4
Oregon	12,048,047	12,048,047	10,841,617	1,372,808	12,214,425	552,831	9,134	644,465	101.4	90.0
Pennsylvania	11,717,172	11,715,645	10,478,497	1,803,733	12,282,230	510,452	90,893	637,330	104.8	89.4
Rhode Island	456,042	456,042	397,457	69,651	467,108	20,773	550	37,262	102.4	87.2
South Carolina	22,353,380	22,176,949	16,611,571	2,415,366	19,026,937	2,295,928	28,326	3,417,555	85.1	74.9
South Dakota	29,259,395	29,257,960	27,004,154	5,293,207	32,297,361	878,142	17,615	1,359,484	110.4	92.3
Tennessee	12,334,529	12,304,416	11,844,485	1,230,921	13,075,406	178,255	2,631	309,158	106.0	96.3
Texas	93,223,524	93,218,357	80,692,772	8,663,337	89,356,109	6,443,499	144,571	5,942,682	95.9	86.6
Utah	10,253,945	10,212,134	9,498,857	1,595,073	11,093,930	366,491	28,304	360,293	108.2	93.0
Vermont	3,184,144	3,182,931	2,906,941	455,116	3,362,057	48,825	3,479	224,899	105.6	91.3
Virginia	10,520,159	10,434,093	9,270,935	1,191,337	10,462,272	549,138	26,434	673,652	99.4	88.9
Washington	16,023,012	16,018,020	13,670,988	1,883,096	15,554,084	810,716	22,098	1,519,210	97.1	85.3
West Virginia	6,368,968	6,367,758	5,886,531	1,205,071	7,091,602	285,011	19,364	178,062	111.3	92.4
Wisconsin	23,373,925	23,364,296	22,466,577	2,995,844	25,462,421	155,017	7,560	744,771	108.9	96.2
Wyoming	18,918,495	18,915,405	17,755,481	2,858,741	20,614,222	284,074	21,542	857,398	109.0	93.9
Alaska	458,717	271,474	236,010	106,291	342,301	783		221,924	74.6	86.9
Hawaii	536,524	536,524	511,013	66,972	577,985	2,180		23,331	107.7	95.2
Puerto Rico	6,192,972	6,192,947	5,684,363	549,529	6,233,892	230,769	2,014	275,826	100.7	91.8
Virgin Islands	136,239	136,239	112,182	19,013	131,195	16,806		7,251	96.3	82.3

NOTE: Advances by states include transfers of loans between states for collection purposes.

Water Facilities Loans

1. Purpose of Loans: Under the Water Facilities Act of August 28, 1937, loans are made to individual farmers or ranchmen or to groups of from two to one hundred or more farmers when water facilities can be operated and maintained more feasibly on a community basis. Loans are of two types:

   A. Farmstead loans made to provide adequate water supplies close to the farm buildings for household use, for livestock, and for garden production by installing new facilities such as wells, ponds, and cisterns with appurtenant equipment or by improvements to existing facilities.

   B. Irrigation loans made to provide new facilities and to develop or improve existing facilities for supplying water for crop production. The types of facilities developed vary with the needs of the locality and may include such facilities as small irrigation systems, large wells including pumping plants, and farm distribution systems, low capacity pumps and sprinkler systems, or small storage reservoirs and dams.

2. Terms of Loans: Loans are scheduled to be repaid as rapidly as possible consistent with the borrowers repayment ability. However, loans are made for periods sufficiently long, generally not to exceed 20 years, to allow the operator to make repayment from income derived from the use of the facility. The interest rate is 3 percent per annum. Loans are not approved for applicants who can secure adequate credit on reasonable terms from other credit sources.

3. Technical Assistance: Engineering assistance is given all borrowers, as required, in planning and installing farmstead and irrigation facilities. Such assistance is necessary for efficient service of the installations and to assure repayment of the loans. Farm and home management guidance is provided as needed to assist in profitable utilization of the facilities. To the extent that personnel is available, engineering assistance is also given to a limited number of farm families and organized water users groups who are unable to obtain it from other sources.

4. Significant Program Data:

   A. Applications: The demand for water facilities loans since the inception of the program has been increasing and has far exceeded the number of loans which could be made. Some of the increased demand has resulted from, (1) the inability of private credit sources to make loans based upon expected increased farm returns from installations; (2) the creation of new farm units in reclamation projects; (3) breakdown of existing water systems; and (4) the need for rural water systems in areas where it is not feasible to install facilities on individual farms.

Despite some increase during each of the past three fiscal years in the amount of loan funds available, it has not been possible to make any significant change in the number of applicants served as compared with the total number of applicants. During the fiscal year 1952 less than one-third of the individuals and about one-fifth of the group applicants were served. The following table shows the number of applicants, the number of new loans made, and the percentage of applicants who received loans in the fiscal years 1947 through 1952, and estimated for 1953.

	Individual Loans		
Fiscal Year	Number Applicants	Number Initial Loans Made	Loans as Percent of Applicants
1947	2,328	901	39
1948	2,408	767	32
1949	2,851	751	26
1950	4,318	1,192	28
1951	4,220	1,327	31
1952	4,007	1,150	29
1953 (Est.)	4,085	1,070	26

	Group Loans		
Fiscal Year	Number Applicants	Number Initial Loans Made	Loans as Percent of Applicants
1947	127	11	9
1948	110	15	14
1949	132	8	6
1950	169	16	9
1951	147	24	16
1952	187	33	18
1953 (Est.)	215	50	23

B. Increase in Size of Loans: There has been an increase in the average size of water facilities loans in recent years with the result that fewer applicants could be served with the same amount of funds. The following table shows the trend in the size of water facilities loans made to individuals and groups from 1940 through 1952:

Fiscal	Individuals		Groups	
Year	Initial	Supplemental	Initial	Supplemental
1940	$ 493	$ -	$ 6,169	$ -
1945	586	516	15,644	5,667
1948	1,463	905	18,019	2,660
1949	1,617	1,038	15,936	6,714
1950	1,934	989	31,491	12,673
1951	2,244	1,146	32,710	10,705
1952	3,053	1,758	35,815	8,078

See Table I for distribution by states.

The primary reasons for the increase in average size of loans are:

(1) The steady rise during recent years in the costs of labor, material and equipment used in the construction or repair of facilities.

(2) An increased proportion of the loans have been made for the installation or improvement of irrigation facilities and land leveling where the costs usually run higher than for farmstead facilities.

(3) The enactment of Public Law 99, approved June 10, 1949, increased from $50,000 to $100,000 the maximum amount which may be loaned in connection with a single project. The approval of a few loans in excess of $50,000 during 1950, 1951, and 1952 accounts for some of the increase in the size of group loans in these years.

C. Number and Amount of Loans: During the fiscal year 1952 approximately 25 percent of the loan funds were used for group loans and 75 percent for loans to individuals. Cumulatively, loans to groups and individuals have been of about the same proportion. However, increased emphasis is being given to the making of group loans as a means of serving more farmers with the same amount of funds, conserving critical materials and increasing production of essential crops. The table below shows the number and amount of loans made during the 1952 fiscal year and cumulatively since the inception of the program:

Number and Amount of Loans

	1952 Fiscal Year		Cumulative Since Inception	
Loans	Number	Amount Obligated	Number	Amount Obligated
To Individuals				
Initial	1,150	$3,510,410	13,041	$16,294,441
Supplemental	133	234,313	2,301	1,447,815
To Groups				
Initial	33	1,181,885	181	4,121,747
Supplemental	9	72,700	51	380,790
Total	1,325	4,999,308	15,574	22,244,793

The above table does not reflect the total number of individuals served under this program. As of June 30, 1952, loans have been made to 181 groups serving approximately 7,964 users. The 7,964 users of group loan facilities added to the 13,041 individuals receiving loans brings the cumulative number served under this program to 21,005.

D. Collections: Since the inception of the Water Facilities Program, 7,121 individual borrowers have paid their accounts in full and 12 group loans have also been paid in full. The following statement shows repayment progress cumulative since the inception of the program to June 30, 1952:

Loan advances and repayments cumulative to June 30, 1952

Loan Advances	Matured Principal	Principal Repayments	Interest Payments	Total Payments	Ratio of Principal Repayments to Matured Principal
$21,612,453	$8,993,528	$9,040,048	$1,215,339	$10,255,387	100.5%

See Table II for distribution by states

The total cumulative gross delinquencies on these loans are $221,234 or 2.5 percent of the total maturities. These loans are amortized over the productive life of the security but not to exceed 20 years in the case of individual loans and up to 40 years in the case of group loans.

E. Progress of Borrowers: The production and financial progress made by water facilities borrowers is indicated by the following data taken from reports of borrowers who repaid their loans in the 1950 and 1951 fiscal years and continued farming:

(1) Borrowers With Loans for New Irrigation:

	Year Before Acceptance	1950 and 1951 Fiscal Years	Percent Increase
a. Crop and livestock production:			
Corn - bushels per acre	15.9	45.3	184.9
Small grain - bushels per acre	12.8	23.2	81.2
Legume Hay - tons per acre	2.1	2.9	38.1
Milk - pounds per farm	31,042	37,978	22.3
b. Income and net worth per farm:			
Gross farm income	$4,593	$9,972	117.1
Net worth	11,032	25,560	113.6

(2) Borrowers With Farmstead Loans:

	Year Before Acceptance	1950 and 1951 Fiscal Years	Percent Change
a. To supply water for livestock:			
Percent hauling water from off farm	35.3	0.4	
Percent with water piped to barn or barnyard	4.9	80.1	

	Year Before Acceptance	1950 and 1951 Fiscal Years	Percent Change
Number with equipment for producing Grade A milk	7.	70.	
Increase in livestock:			
Average number of dairy cows kept	5.8	7.3	25.9
Average number other cattle kept	11.6	13.9	19.8
Average number of chickens kept	159.	197.	23.9
b. To supply water for garden:			
Percent with water piped to garden	2.6	90.6	
Average value of food and fuel for home use	$330	$500	51.5
Average bushels of fruits and vegetables stored	13	15	15.4
c. To supply water for household:			
Percent with water piped to house	8.4	83.8	
Percent with kitchen sink	17.5	85.2	
Percent with shower or bathtub	6.2	56.1	

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Water Facilities Loans to Individuals and Groups - Number of Loans and Average Amount, 1950, 1951 and 1952 Fiscal Years and Cumulative From Inception of Program Through June 30, 1952

State	1950 fiscal year				1951 fiscal year				1952 fiscal year				Cumulative through June 30, 1952			
	Initial		Subsequent		Initial		Subsequent		Initial		Subsequent		Initial		Subsequent	
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Loans to Individuals																
U. S. Total....	1,192	$1,934	85	$989	1,327	$2,244	103	$1,146	1,150	$3,053	133	$1,758	13,041	$1,249	2,301	$629
Arizona.....	13	3,027	3	2,427	14	3,941	4	1,880	46	5,650	7	2,103	213	2,587	46	1,194
California.....	98	2,966	3	933	102	3,131	3	2,333	116	4,223	10	2,805	677	2,465	88	995
Colorado.....	79	2,298	7	920	57	2,349	4	575	69	3,375	11	1,369	631	1,474	67	881
Idaho.....	143	1,348	21	616	108	1,644	20	941	52	2,352	14	1,123	991	1,070	152	594
Kansas.....	26	2,371	4	660	33	3,396	1	100	18	2,068	4	2,375	521	1,020	53	427
Montana.....	107	2,186	7	819	108	2,674	13	1,323	74	3,163	11	1,129	660	1,701	85	819
Nebraska.....	38	2,744	5	1,169	41	3,873	1	500	29	4,654	2	1,200	617	1,361	39	937
Nevada.....	5	1,971	1	935	6	2,122	1	6,100	7	3,264	2	1,850	55	1,639	15	1,252
New Mexico.....	23	2,268	3	763	47	3,067	3	1,825	60	4,417	7	2,295	412	1,801	153	619
North Dakota...	63	1,252	3	632	24	1,054	4	569	37	1,656	1	1,000	388	721	28	429
Oklahoma.....	187	810	2	275	200	974	9	437	153	1,918	10	2,536	1,682	671	334	340
Oregon.....	75	2,166	3	1,985	77	2,565	2	992	96	2,851	6	2,075	757	1,349	82	682
South Dakota...	24	2,211	3	905	27	2,683	3	1,590	11	1,818	0	0	412	752	37	746
Texas.....	113	2,163	7	1,208	139	2,024	6	656	161	2,347	9	1,163	2,596	984	836	530
Utah.....	61	1,956	4	1,400	76	2,395	8	1,609	47	3,222	15	1,644	694	1,364	94	1,105
Washington.....	91	2,747	6	1,496	167	2,680	11	1,521	138	3,148	21	1,901	855	1,986	107	1,059
Wyoming.....	46	1,736	3	1,008	101	1,721	10	648	36	2,754	3	767	880	931	85	510
Loans to Groups																
U. S. Total....	16	$31,491	7	$12,673	24	$32,710	6	$10,705	33	$35,815	9	$8,078	181	$22,772	51	$7,466
Arizona.....	1	25,000	2	29,750	1	35,000	0	0	1	60,000	0	0	9	28,556	3	20,833
California.....	0	0	0	0	1	58,000	0	0	0	0	1	13,000	4	25,750	3	11,167
Colorado.....	1	9,000	1	1,500	2	67,500	3	17,333	5	48,000	2	7,200	28	21,597	10	8,840
Idaho.....	2	28,500	1	10,600	5	21,420	1	7,000	3	56,473	2	2,900	35	20,757	10	4,854
Kansas.....	0	0	0	0	1	27,000	0	0	0	0	0	0	1	27,000	0	0
Montana.....	1	19,500	0	0	1	32,000	0	0	2	50,000	1	16,700	12	25,148	2	12,100
Nevada.....	0	0	0	0	1	12,000	0	0	1	18,400	0	0	6	22,267	0	0
New Mexico.....	3	43,333	0	0	2	53,500	0	0	2	20,500	0	0	15	21,879	3	2,233
North Dakota...	0	0	0	0	0	0	0	0	1	15,000	0	0	1	15,000	0	0
Oregon.....	0	0	0	0	1	20,000	0	0	1	70,000	0	0	8	23,002	2	3,688
Utah.....	6	25,841	1	3,610	3	37,393	1	2,230	4	43,992	1	14,800	29	25,818	10	8,248
Washington.....	1	8,310	1	8,000	6	23,292	1	3,000	13	22,469	2	4,000	29	17,325	7	3,086
Wyoming.....	1	100,000	1	5,500	0	0	0	0	0	0	0	0	4	47,450	1	5,500

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II Water Facilities Loans, Maturities and Collections, Cumulative as of June 30, 1952 1/

State	Cumulative Loan Obligations 2/	Cumulative Loan Advances 2/	Matured Principal	Collections			Principal		Outstanding Principal Balance of Loan Advances	Ratio of Principal Repayments to Matured Principal
				Principal Repayments	Interest Payments	Totals	Write-Offs	Judgments		
U. S. Totals	$ 22,244,793	$ 21,612,453	$ 8,993,528	$ 9,040,048	$ 1,215,339	$ 10,255,387	$ 5,081	$ 2,970	$ 12,564,354	100.5
Arizona	925,555	863,189	236,533	242,199	49,082	291,281			620,990	102.4
California	1,892,679	1,886,096	643,947	659,299	89,182	748,481			1,226,797	102.4
Colorado	1,682,023	1,666,356	567,216	556,908	82,893	639,801	765		1,108,683	98.2
Idaho	1,926,038	1,850,349	831,211	833,018	143,446	976,464	146		1,017,185	100.2
Kansas	580,824	584,382	294,338	279,804	29,256	309,060	476		304,102	95.1
Montana	1,518,438	1,469,801	431,277	440,915	74,979	515,894			1,028,886	102.2
Nebraska	876,534	876,294	467,719	464,621	45,307	509,928	174		411,499	99.3
Nevada	242,524	227,550	85,821	89,538	17,806	107,344			138,012	104.3
New Mexico	1,171,683	1,017,804	373,499	371,962	44,386	416,348	1,745		644,097	99.6
North Dakota	306,611	289,107	151,427	153,185	11,256	164,441			135,922	101.2
Oklahoma	1,242,381	1,241,753	611,344	620,883	58,726	679,609	42		620,828	101.6
Oregon	1,268,476	1,206,703	482,048	487,606	64,923	552,529	202	400	718,495	101.2
South Dakota	337,308	335,887	183,071	173,681	17,504	191,185		295	161,911	94.9
Texas	2,998,202	3,015,949	2,012,153	2,004,096	193,571	2,197,667	490	919	1,010,444	99.6
Utah	1,881,584	1,695,302	499,890	526,559	133,135	659,694	612	240	1,167,891	105.3
Washington	2,335,194	2,326,557	602,756	609,128	86,374	695,502	54	858	1,716,517	101.1
Wyoming	1,058,739	1,059,374	519,278	526,646	73,513	600,159	375	258	532,095	101.4

1/ Includes Water Facilities loans to individuals and groups. 2/ Amounts reflected are cumulative obligations from inception of the program, Including $3,035,258 obligations from "Loans, Grants and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' accounts. The difference between obligations and advances represents unliquidated obligations, non-cash advances, and transfers of accounts between states for collection purposes.

(d) Farm Tenant-Mortgage Insurance Fund, Farmers' Home Administration

This budget schedule covers an account established pursuant to Sections 11 (a) and 12 (e) (2) of the Farmers' Home Administration Act of 1946, approved August 14, 1946, (Public Law 731) which authorized the appropriation of not to exceed $25,000,000 for the establishment of such fund. The sum of $1,000,000 was provided in the Department of Agriculture Appropriation Act, 1948, for the establishment of the capital fund. This amount is supplemented by initial and annual charges collected from insured mortgagers and by such initial fees for inspection, appraisal and other charges as the Secretary of Agriculture finds necessary. One-half of the initial and annual charges collected from insured mortgages as the premium for insurance and such amounts as are appropriated under Section 11 (a) are available for payments with respect to insured mortgages under Sections 12 and 13 of the Act. Pursuant to the authority contained in the Act, moneys not needed for current operations are being invested in direct obligations of the United States. The other one-half of the initial and annual charges, together with such fees for inspection, appraisal and other charges as the Secretary may determine are available for administrative expenses in carrying out the provisions of the Act. It is estimated that receipts derived from these sources during the fiscal year 1953 available for administrative expenses in 1954 will amount to approximately $285,000.

It is estimated that assets of the capital fund, including receivables and the amount of $1,000,000 originally appropriated, at June 30, 1953, will be approximately $2,563,000.

There was a steady increase in the number of farm ownership loans insured each year from the beginning of the program in October 1947 through the third quarter of the fiscal year 1951. However, the actual number of loans insured in 1952 and estimated number for 1953 and 1954 reflect the current lack of investment capital as illustrated by the following table:

	Fiscal Year 1952		Fiscal Year 1953		Fiscal Year 1954	
	Number	Amount	Number	Amount	Number	Amount
Initial	1,131	$10,660,677	1,090	$10,900,000	1,090	$10,900,000
Subsequent	38	112,273	32	100,000	32	100,000
Total	1,169	10,772,950	1,122	11,000,000	1,122	11,000,000

(e) Disaster Loans, etc., Revolving Fund
Department of Agriculture

Public Law 38 (81st Congress), approved April 6, 1949, abolished the Regional Agricultural Credit Corporation and established a revolving fund of approximately $45,000,000 with the Corporation's assets to be used by the Secretary of Agriculture in making and servicing the following types of loans:

(1) Disaster loans to farmers and stockmen in areas designated by the Secretary who have suffered a production disaster as a result of floods, storms, freezes, drought, insect infestation or other similar causes, and who are unable to obtain from commercial banks, cooperative lending institutions or other established sources the credit needed to replace or repair the property damaged or destroyed by the disaster and to continue their farming operations. These loans bear 3 percent interest.

(2) Fur loans, pursuant to the provisions of Title II of Public Law 860 (80th Congress) to bona fide dur farmers actually engaged in breeding or production of fur-bearing animals in captivity and who are unable to obtain necessary credit from other sources to enable them to continue their fur-farming operations. These loans bear 5 percent interest and are scheduled for repayment within a maximum period of five years. Authority for making fur loans expires June 30, 1953 and not more than a total of $4,000,000 may be outstanding for all such loans made.

(3) Orchard loans, authorized by Public Law 665 (81st Congress), approved August 5, 1950, which amended Public Law 38, to owners or operators of established farms in any area or region where, beginning in 1941, the former Regional Agricultural Credit Corporation had made credit available and the Secretary finds a continued need for such credit which is not readily available from other established local sources. No orchard loan may be made in excess of $10,000 and the total amount outstanding for all such loans to any borrower may not exceed $20,000. These loans bear 5 percent interest and are repayable within a period not to exceed five years, depending on the purposes for which funds are advanced, the useful life of security offered and the individual borrower's repayment ability. Orchard loans may not be made after August 4, 1953 and the total amount outstanding at any one time for all such loans may not exceed $2,000,000. Loans are being made under this authority in the Wenatchee-Okanogan area of the State of Washington.

Obligations by activities for the fiscal year 1952 and estimates for 1953 and 1954 are as follows:

	Actual 1952	Estimate 1953	Estimate 1954
1. Disaster loans a/	$31,675,160	$49,250,000	$35,000,000
2. Loans to fur farmers	948,081	750,000	- -
3. Salaries and expenses	1,358,880	2,516,300	2,316,300
4. Other	59,319	50,000	50,000
Total accrued expenditures	34,041,440	52,566,300	37,366,300

a/ Includes orchard loans

The number and amount of disaster, fur and orchard loans made from April 6, 1949 b/, the beginning of the program, to June 30, 1952 are as follows. Also attached is a statement providing a breakdown of this information by states.

Type of Loan	Obligations April 6, 1949 b/ to June 30, 1952	
	Number of Borrowers	Amount of Loans
Disaster loans	52,217	$81,441,339
Fur loans	275	3,980,499
Orchard loans	22 b/	167,305 b/

b/ Orchard loans were not authorized until August 5, 1950.

Loan status: The status of these loans as of June 30, 1952 is as follows:

	Loan Advances	Principal Maturities	Principal Collections	Interest Collections
Disaster loans	$81,149,723	$47,071,050	$42,221,628	$1,229,622
Fur loans	4,010,329	2,934,856	2,560,978	120,378
Orchard loans	138,470	97,465	97,665	1,955
	85,298,522	50,103,371	44,880,271	1,351,955

1952 Program: Adverse weather conditions, particularly in Texas, Oklahoma, Arkansas, portions of Mississippi, Tennessee, and Georgia, the unprecedented heavy flood damage along the Mississippi, Missouri, and Kansas Rivers and their tributaries, and similar disasters in other scattered areas of the Nation during the calendar year 1951 resulted in serious damage to crops and farm property. As a result of these losses there was widespread need among farmers and stockmen in these areas for credit not available through established sources to enable them to continue their operations. Some of the areas affected by these disasters in 1951 had experienced serious production losses as a result of excessive rainfall, floods, heavy insect infestations, or other similar catastrophes during one or more preceding years, thus aggravating the plight

of farmers and stockmen in these areas. In recognition of the widespread damage caused by midwest floods during 1951, the Revolving Fund, established pursuant to Public Law 38, was increased by $30,000,000, through the enactment of Public Law 202 (82nd Congress).

The damage caused by production disasters in large areas of the Nation resulted in a heavy demand for disaster loan assistance during the fiscal year 1952. A total of 17,610 initial and 3,541 subsequent disaster loans were made during the year in the aggregate amount of $31,433,631 under the provisions of Public Law 38.

Outlook for 1953 and 1954: Serious drought conditions during the summer and fall of 1952 caused heavy production losses throughout most of the southern States and in areas of the Midwest and New England. A large number of farmers and stockmen throughout the affected areas already have been assisted through disaster loans in planting temporary fall and winter grazing crops and in purchasing feed to carry their present livestock herds, and it is apparent that many others will require credit assistance not available through established sources for the cost of reseeding permanent pastures damaged by the drought and to meet 1953 farm operating expenses. As of January 1, 1953, the following areas have been authorized as elegible for assistance under the provisions of Public Law 38 because of the serious drought conditions: Arkansas, Mississippi, Alabama, Georgia, South Carolina, North Carolina, Tennessee, Kentucky, Massachusetts, New Hampshire, Maine, Rhode Island, Oklahoma, Texas, New Mexico, North Dakota, 50 counties in southern Missouri, 7 counties in southern Illinois, 22 counties in northwest Florida, 21 counties in southern Indiana, 32 parishes in Louisiana, 73 counties in Kansas, 3 counties in Virginia, and 1 county in Pennsylvania. Serious drought damage also has occurred throughout South Dakota and it is anticipated that a large portion of that State will be designated as a disaster area. Other agricultural areas of the country have experienced destructive rains and floods, and assistance through disaster loans has been made available in these localities.

With such widespread damage to crops during the 1952 calendar year, it is probable that the demand for disaster loan assistance during the 1953 fiscal year will exceed the demand for any previous year since the inception of this program. On the basis of present information, it appears that as much as $50,000,000 may be required to meet the needs of eligible farmers and stockmen in the designated areas for disaster loans during the 1953 fiscal year.

While estimates are included for 1954 activity, they are based generally on past performance and without any knowledge of what production disasters might develop which would require new loans during this period.

Salaries and expenses: Since April 1949 the Farmers' Home Administration has been administering the Production Disaster and Fur Loan Programs authorized by Public Law 38, approved April 6, 1949. These emergency

programs are operated through existing offices of the Administration, with regularly employed personnel administering the programs with their other activities unless the additional workload becomes great enough to be detrimental to their regularly assigned responsibilities. In many instances, the designation of a disaster area results in relatively few loans and the added workload created by such loans can be absorbed without difficulty. In this manner the services of regularly employed personnel are utilized to the fullest possible extent and payments for personal services from the Disaster Loan Revolving Fund are held to a minimum. In such instances, however, the absence of disaster activity would not permit a reduction of personnel paid from the regular Salaries and Expenses appropriation without reducing the performance on other statutory functions assigned to this Administration. In other instances, a substantial additional workload is created and then additional personnel are employed, generally on a temporary basis, and paid from the Disaster Loan Revolving Fund.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Disaster, Fur, and Orchard Loans Made Under Public Law 38, 1952 Fiscal Year and Cumulative From 1949

State and territory	Disaster loans						Fur loans					
	1952 fiscal year				1949, 1950, 1951, and 1952 fiscal years		1952 fiscal year				1949, 1950, 1951, and 1952 fiscal years	
	Initial		Subsequent				Initial		Subsequent			
	Number	Amount	Number	Amount	Number of borrowers	Total amount 1/	Number	Amount	Number	Amount	Number of borrowers	Total amount 1/
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total	-	-	-	-	-	-	47	$286,040	93	$614,425	275	$3,980,499
Disaster and Orchard	17,621	$25,564,436	3,543	$5,947,595	52,239	$81,608,644	-	-	-	-	-	-
Disaster only	17,610	25,497,281	3,541	5,936,350	52,217	81,441,339	-	-	-	-	-	-
Alabama	181	124,425	80	72,568	3,129	2,057,464	0	0	0	0	0	0
Arizona	0	0	0	0	28	66,420	0	0	0	0	0	0
Arkansas	1,989	3,720,221	717	1,058,245	5,903	12,141,953	0	0	0	0	0	0
California	5	37,180	43	289,679	651	3,795,012	0	0	0	0	1	14,000
Colorado	77	153,070	30	83,745	220	978,151	2	3,800	25	245,690	43	861,887
Connecticut	0	0	2	3,500	25	95,415	0	0	0	0	0	0
Delaware	0	0	0	0	0	0	0	0	0	0	0	0
Florida	37	403,600	7	88,475	312	2,182,480	0	0	0	0	0	0
Georgia	786	1,060,160	191	148,401	5,341	5,728,787	0	0	0	0	0	0
Idaho	7	30,205	22	70,285	100	444,588	4	18,400	1	4,000	14	68,040
Illinois	37	44,425	1	500	37	44,925	0	0	2	3,300	13	443,260
Indiana	27	14,165	1	500	27	14,665	0	0	3	8,100	8	105,985
Iowa	264	212,270	2	730	264	213,000	0	0	0	0	0	0
Kansas	732	908,152	107	109,030	1,179	1,324,618	0	0	0	0	0	0
Kentucky	5	1,975	0	0	5	1,975	0	0	0	0	0	0
Louisiana	729	685,095	23	217,110	1,198	2,237,964	0	0	0	0	0	0
Maine	0	0	0	0	76	116,465	0	0	0	0	0	0
Maryland	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	2	82,665	49	283,212	0	0	0	0	1	5,000
Michigan	9	17,950	0	0	9	17,950	6	27,230	13	99,700	27	433,157
Minnesota	432	323,605	2	1,020	613	441,759	2	11,000	0	0	13	87,883
Mississippi	1,016	1,767,315	489	1,059,351	7,605	12,133,156	0	0	0	0	0	0
Missouri	3,930	7,561,780	622	581,288	4,384	8,990,453	0	0	0	0	0	0
Montana	38	52,750	20	46,335	241	505,380	0	0	0	0	1	3,000
Nebraska	64	71,790	0	0	69	93,555	0	0	0	0	0	0
Nevada	0	0	1	2,000	37	405,759	0	0	0	0	0	0
New Hampshire	1	5,500	0	0	17	91,880	0	0	0	0	0	0
New Jersey	4	10,900	12	29,150	177	541,183	0	0	4	9,800	5	26,800
New Mexico	7	32,845	1	2,131	22	49,596	0	0	0	0	1	2,260
New York	4	50,380	11	232,335	184	1,293,552	2	39,200	1	7,500	4	67,988
North Carolina	140	124,920	26	141,200	1,703	1,157,720	0	0	0	0	0	0
North Dakota	7	7,975	1	1,170	1,715	872,855	0	0	0	0	0	0
Ohio	55	50,885	0	0	55	50,885	0	0	0	0	1	1,500
Oklahoma	928	748,870	155	89,950	1,519	1,228,770	0	0	0	0	0	0
Oregon	8	35,540	41	145,625	83	606,835	0	0	3	22,970	7	116,020
Pennsylvania	0	0	0	0	0	0	0	0	0	5	1	8,012
Rhode Island	0	0	3	16,010	14	76,945	0	0	0	0	0	0
South Carolina	2,186	1,112,000	238	186,518	6,342	4,146,520	0	0	0	0	0	0
South Dakota	388	294,460	24	23,678	1,411	1,011,533	1	5,000	0	0	2	10,000
Tennessee	300	280,380	62	28,185	1,315	802,704	0	0	0	0	0	0
Texas	3,098	5,277,113	539	657,221	5,329	11,209,099	0	0	0	0	0	0
Utah	33	33,465	8	17,650	100	501,701	15	36,100	19	61,600	64	375,295
Vermont	0	0	5	8,575	79	220,420	0	0	0	0	0	0
Virginia	7	21,750	35	383,135	34	1,476,110	0	0	0	0	0	0
Washington	17	81,855	15	54,866	71	353,822	6	34,205	14	80,105	31	328,120
West Virginia	0	0	0	0	8	25,965	0	0	0	0	0	0
Wisconsin	0	0	0	0	348	459,384	9	111,105	8	71,655	38	1,022,292
Wyoming	49	110,610	0	49	116	803,254	0	0	0	0	0	0
Alaska	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	13	27,700	0	0	54	76,130	0	0	0	0	0	0
Puerto Rico	0	0	3	3,475	19	69,370	0	0	0	0	0	0
Virgin Islands	0	0	0	0	0	0	0	0	0	0	0	0
			Orchard loans									
Washington	11	67,155	2	11,245	22	167,305						

1/ Amount of initial and subsequent loans.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Farm Tenant-Mortgage Insurance Fund: a/			
Revolving fund for payments with respect to insured mortgages under Sections 12 and 13 of the Farmers' Home Administration Act of 1946	$360,775	$411,500	$493,000
Disaster Loans, etc., Revolving Fund, Department of Agriculture (Allotment to Farmers' Home Administration): a/			
For making emergency loans to farmers and stockmen suffering production disasters and for other purposes in accordance with provisions of P.L. 38, 81st Congress	34,025,525	52,550,000	37,350,000
State Rural Rehabilitation Corporation Funds and State Rural Rehabilitation Funds, New Agreements (Trust Account): a/			
Funds of State Rural Rehabilitation Corporations made available to the Department for rural rehabilitation purposes under trust or other agreements between the Secretary and individual States as follows:			
Salaries and expenses	1,348,507	1,100,000	900,000
Undistributed charges	2,426,103	1,488,000	388,000
Loans	15,799,395	10,000,000	10,000,000
Total, State Rural Rehabilitation Corporation funds .	19,574,005	12,588,000	11,288,000
Flood Prevention, Agriculture (Farmers' Home Administration):			
For general basin investigations	6,966	7,000	12,000

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Working Funds, Agriculture, General (Farmers' Home Administration), Advanced from Atomic Energy Commission:			
For activities in connection with relocation of farmers in the Savannah River area	7,897	- -	- -
Mutual Security (Allocation to Agriculture) (Farmers' Home Administration):			
For expenses incident to foreign trainee program	1,855	8,640	- -
Obligations Under Reimbursements From Governmental and Other Sources:			
Salaries and expenses	79,641	192,000	168,000
TOTAL, OBLIGATIONS OR ACCRUED EXPENDITURES UNDER REVOLVING FUNDS, ALLOTMENTS, AND OTHER FUNDS	54,056,664	65,757,140	49,311,000

a/ These items are on the basis of accrued expenditures.

PASSENGER MOTOR VEHICLES

The estimates for the fiscal year 1954 include the replacement of 12 passenger motor vehicles. The vehicles are used by field personnel, primarily in connection with necessary rural travel where common carrier is not readily available or practicable. Such travel is for the purpose of assisting and advising county supervisors in the investigation of applications, making loans, rendering of farm and home management assistance to borrowers, and collecting and servicing loans under the various loan programs. As indicated, the vehicles are used primarily in connection with rural travel, much of which is over unpaved roads, and repair and maintenance records show, in the majority of cases, after the vehicles have been run from 60,000 to 65,000 miles that major overhauls are required to keep them in safe operating condition. It is estimated that the mileage on each of the 12 vehicles proposed for replacement in 1954 will range from 45,000 to 74,000 as of December 31, 1952, and will be at least 60,000 on each car before it is replaced. If these vehicles are not replaced, it is expected on the basis of past maintenance cost records, that the average repair cost per vehicle will be $230 during 1954, or a total of $2,760. Another factor for consideration is that the sales value of the vehicles in question will decrease in proportion to increased age and mileage. It appears that a substantial economy would be effected if the 12 vehicles are replaced in 1954.

The Farmers' Home Administration operates a total of 48 passenger motor vehicles. With the exception of one vehicle which is assigned to the Washington office for transportation of personnel to and from other Government offices and elsewhere on official business, the vehicles are located at strategic points throughout the country for use primarily in connection with rural travel.

While custody of the vehicles is under the State Directors, they are not assigned for the use of any one person. The use policy involves (1) planning travel and field schedules so as to secure the maximum amount of use practical from each unit, (2) avoidance of tying vehicles up for an unreasonable time in non-use status, (3) giving preference to group travel and (4) the use of common carrier where it is more economical to do so.

Age and mileage data for the total number of passenger motor vehicles in the Farmers' Home Administration as of December 31, 1952 is estimated as follows:

Age Data

Age-Year Models	Number of Vehicles
1947	1
1948	15
1949	8
1950	8
1951	7
1952	9
Total	48

Mileage Data

Lifetime Mileage	Number of Vehicles
0 - 20,000	10
20,001 - 40,000	11
40,001 - 60,000	13
60,001 - 80,000	12
80,001 -100,000	2
Total	48

FARM CREDIT ADMINISTRATION

Purpose Statement

The Farm Credit Administration, established pursuant to Executive Order 6084 dated March 27, 1933, is charged with the responsibility of supervising and coordinating the Farm Credit System, which provides agricultural credit through the following institutions: the Federal land banks and national farm loan associations, Federal intermediate credit banks, production credit corporations and production credit associations, banks for cooperatives, and the Federal Farm Mortgage Corporation. Its objective is to provide a dependable source of long-term and short-term credit at all times to farmers and farmers' cooperative associations on a sound credit basis through coordinated cooperative credit facilities, and to obtain loan funds from the investing public without the necessity of the Government guaranteeing the securities issued. A fundamental principle of the Administration is the encouragement and development of agricultural cooperative institutions, with complete farmer ownership the ultimate objective of the institutions it supervises. The Administration provides research and service facilities to farmers' cooperative associations, as authorized and directed by the Cooperative Marketing Act of 1926.

The Federal Farm Mortgage Corporation and Central Bank for Cooperatives are in Washington, D. C.; Farm Credit district offices are at:

Springfield, Mass.	New Orleans, La.	Wichita, Kansas
Baltimore, Md.	St. Louis, Mo.	Houston, Texas
Columbia, S. C.	St. Paul, Minn.	Berkeley, Calif.
Louisville, Ky.	Omaha, Nebr.	Spokane, Wash.

On November 30, 1952, the Administration had 373 full-time employees of whom 252 are in Washington. The 121 field employees are registrars, appraisers and examiners.

	Appropriated, 1953	Revised Budget Estimate, 1954
Salaries and expenses	$2,751,171	~~$2,753,000~~ $2,545,500

(a) Salaries and Expenses

Appropriation Act, 1953		$2,753,100
Reductions pursuant to:		
Section 411	$984	
Section 412	945	-1,929
Adjusted appropriation, 1953, and base for 1954		2,751,171
Revised Budget Estimate, 1954		2,545,500
Decrease		-205,671

SUMMARY OF DECREASES, 1954

Reduction in the supervision and examination of and facilities and services to farm credit banks and corporations	-185,951
Decrease in research and technical assistance, including facilities and services to farmers' cooperatives	-19,720

PROJECT STATEMENT

Project	1952	1953 (estimated)	Decreases	1954 Revised (estimated)
1. Supervision and examination of and facilities and services to farm credit banks and corporations	$2,213,990	$2,321,451	-$185,951(1)	$2,135,500
2. Research and technical assistance, including facilities and services to farmers' cooperatives	422,795	429,720	-19,720(2)	410,000
Unobligated balance	5,105	- -	- -	- -
Total available or estimate	2,641,890	2,751,171	-205,671	2,545,500
Reductions pursuant to:				
Section 411	- -	+984		
Section 412	- -	+945		
Total appropriation or estimate	2,641,890	2,753,100		

DECREASES

The decrease of $205,671 in this item for 1954 consists of the following:

(1) A decrease of $185,951 in supervision and examination of and facilities and services to farm credit banks and corporations. The estimates provide for the minimum level under which the statutory supervisory functions of Farm Credit Administration can be satisfactorily maintained. The reduction will be accomplished through reduction in personnel and related travel and other objects of expense. These funds are not General Fund appropriations, and the reductions will have no effect on net Treasury expenditures.

(2) A decrease of $19,720 in research and technical assistance, including facilities and services to farmers' cooperatives. The 1954 estimates provide for reducing this activity $19,720 below the 1953 level. Projects in the planning stage and upon which little has been done will be dropped unless of very high importance from the standpoint of priority attention. Projects upon which assembly of information is started will be examined for priority to determine whether or not they might be discontinued. All other active projects will be examined to determine whether some short cuts might be taken without too serious effect on research results, and thus give maximum returns from funds already expended.

(a) Salaries and Expenses

Appropriation Act, 1953		$2,753,100
Reductions pursuant to:		
Section 411	$984	
Section 412	945	-1,929
Adjusted appropriation, 1953, and base for 1954		2,751,171
Budget Estimate, 1954		2,753,000
Change (adjustments to round-off the estimate)		+1,829

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increases	1954 (estimated)
1. Supervision and examination of and facilities and services to farm credit banks and corporations ..	$2,213,990	$2,321,451	+$549	$2,322,000
2. Research and technical assistance, including facilities and services to farmers' cooperatives ...	422,795	429,720	+1,280	431,000
Unobligated balance	5,105	- -	- -	- -
Total available or estimate	2,641,890	2,751,171	+1,829	2,753,000
Reductions pursuant to:				
Section 411	- -	+984		
Section 412	- -	+945		
Total appropriation or estimate	2,641,890	2,753,100		

Should be changed to B.A.E.

Sources of Funds and Activities

Source of Funds Activity	Estimate, 1953	Budget Estimate, 1954	Increases
Assessments from Farm Credit Banks and Corporations:			
1. Reimbursements from "Administra- expenses and refunds, Farm Credit Administration," for cost of facilities, examination, and supervision of:			
Federal land banks	$1,152,500	$1,152,700	+$200
Banks for cooperatives	282,000	282,100	+100
Federal Farm Mortgage Corporation	92,100	92,100	- -
Federal intermediate credit banks	367,000	367,100	+100
Production credit corporations .	259,100	259,200	+100
Production credit associations and others	168,751	168,800	+49
Total	2,321,451	2,322,000	+549
General Fund Appropriation:			
2. Research and technical assistance, including facilities and services to farmers' cooperatives	429,720	431,000	+1,280
Total funds available or estimate	2,751,171	2,753,000	+1,829

STATUS OF PROGRAM

Farm Credit Administration is a supervisory agency established May 27, 1933, by Executive Order 6084 to provide the banks and corporations comprising the Farm Credit System with centralized and coordinated supervision and examination, and to furnish facilities and services which are essential to the operation of the System and to its progress towards becoming wholly farmer owned. A correlated function is to assist farmers in the organization and management of cooperative enterprises.

A well coordinated system offering all types of agricultural credit must be maintained if the benefits of Farm Credit legislation are to be fully realized; for this reason, the supervision and coordination of the Farm Credit System are especially important. Farm Credit Administration's supervisory program is adjusted from year to year to relate its activities to the requirements and problems of the several credit institutions and farmers' cooperatives. The program has two broad phases which are described below.

Supervision and examination of and facilities and services to Farm Credit banks and corporations

The Farm Credit System is comprised of 12 districts, each having a district office through which agricultural credit services are available to farmers and their cooperatives everywhere in the United States. The banks and corporations located at the 12 district offices are engaged either in making or discounting loans to farmers and their cooperatives or in the supervision of those lending activities. The Federal land banks make amortized real estate mortgage loans through national farm loan associations and act as agents of the Federal Farm Mortgage Corporation in servicing its assets. The district banks for cooperatives make loans to finance the production, marketing, and service operations of farmers' cooperatives. The production credit corporations are not lending agencies; they supervise the production credit associations in their crop, livestock, and general purpose loan operations and in some instances provide a part of their capital. The Federal intermediate credit banks provide agricultural loan discount facilities for production credit associations and other eligible financial institutions. National farm loan associations (farmer-owned) and production credit associations (252 of which are farmer-owned) are credit cooperatives located in farm communities to provide convenient mortgage and production credit service to their owner-members.

The Federal Farm Mortgage Corporation and the Central Bank for Cooperatives are in Washington. The Federal Farm Mortgage Corporation discontinued making Land Bank Commissioner loans on July 1, 1947, and has since made substantial progress in the liquidation of its assets--principally loans outstanding as of that date. The Central Bank for Cooperatives participates with district banks for cooperatives in their loans to farmers' cooperatives and makes loans to cooperatives whose activities are carried on in more than one Farm Credit district.

Influence of the Farm Credit System in the Agricultural Credit Field. -- Other lenders are providing the major portion of farm mortgage credit; they now hold about 83 percent of all farm mortgages. However, the influence of the Farm Credit System in the agricultural lending field is substantially greater than might be indicated by the relatively small percentage of credit it provides. The system continues to set the agricultural credit pattern as its interest rates and loan terms meet the specific requirements of farmers and their cooperatives. To maintain this desirable influence the system must continue to do a reasonable share of the farm loan business everywhere in the United States and must have resources to assure efficient and effective organizations.

Source of Funds. -- The primary source of funds used by the Farm Credit System for loan operations is the sale of bonds and debentures. Such bonds and debentures are secured by notes and mortgages deposited as collateral with Farm Credit Administration and are not guaranteed by the Government, either as to principal or interest.

Loan Activity. -- As indicated above, the major part of the Farm Credit System loan program is carried on in the field by the banks and corporations at the district offices and the associations in farm communities. During 1952 the Farm Credit System made loans and discounts of approximately $4,228,502,000, an increase of 9 percent from 1951. Loans and discounts in the amount of $3,117,954,000 were outstanding at the end of the year; this figure includes balances of prior years' loans and Federal intermediate credit bank loans to and discounts for other Farm Credit agencies.

Significance of the Program. -- Effective Farm Credit Administration supervision and examination have promoted the development of the Farm Credit System. The system has developed sound administrative management and the facilities and services made available by the Administration have enabled it to serve farmers well. The steady increase in the number of farmers participating in cooperative credit indicates their confidence in the Farm Credit System, and demonstrates that with effective leadership such credit system is desirable and feasible. Objectives of the Farm Credit System which can be attained best through coordinated effort under central supervision are:

1. To assure farmers a permanent source of credit by strengthening the Farm Credit institutions.

2. To assure dependable sources of loan funds, which are of first importance to any credit system, by maintaining the confidence of investors in Farm Credit securities through adherence to sound credit principles and maintenance of strong financial structures.

3. To accomplish the retirement of Government capital without impairing the effectiveness of the system.

Current Activities. -- In the mortgage credit field, the high price level of farms makes complex the application of the principle of normal agricultural values in appraisal work incident to making loans. Appraisal standards are being reviewed and research is being performed to determine values which can be considered normal under present and anticipated economic conditions. The application of this principle retards inflationary trends and, as a further means to this end, the Administration participates with major lending institutions in evaluating the trends of agricultural economics and credits.

Interest income, interest expense, and capital problems of the Farm Credit institutions are the subject of continuing analysis. Interest rate increases for certain classes of loans have been authorized, having been found justified due to higher interest cost on borrowed money and increases in operating costs.

Investigation is being made of the demand for an intermediate term loan. Loan terms are generally one year for short-term loans and not less than five for long term. There is some indication that loan terms of two to five years would be advantageous to farmers who shift from one type of farming to another, make capital improvements, or whose operations are not in phase with available loan terms. The study now under way is for the purpose of determining the extent of this need and means of meeting it.

The changing farm commodity price situation and agricultural economic trends make necessary the continuation of studies to provide Farm Credit officials with conclusions and with forecasts relating to such things as commodity prices, loan experience, and farm operating costs.

Selected Data on Operations. -- Farm Credit System activities and trends for recent years are illustrated in the tables which follow this narrative statement.

Research and technical assistance including facilities and services to farmers' cooperatives

Farm Credit Administration is directed by the Cooperative Marketing Act of 1926 to further the development of agricultural cooperation in the United States. The Administration conducts research for farmer cooperatives, provides them with advisory and educational services, and disseminates information relative to cooperatives.

Current Activities. -- At present the Administration 57 research projects in progress. Service activities are a continuing responsibility and arise out of current needs of cooperatives for information or assistance. Educational work relating to cooperatives is carried on jointly with State extension services, departments of vocational education, and with farmers and their organizations. Priority is given to services which will enable cooperatives to contribute effectively to the rearmament program, and to assistance to Defense Agencies.

Selected Examples of Recent Progress. -- Following are examples of research projects completed recently:

Transportation of agricultural products. -- A study shows that Co-ops can realize savings in transportation costs by moving products and supplies via coastwise and inland waterways, and by locating their plants at places where rates are favorable.

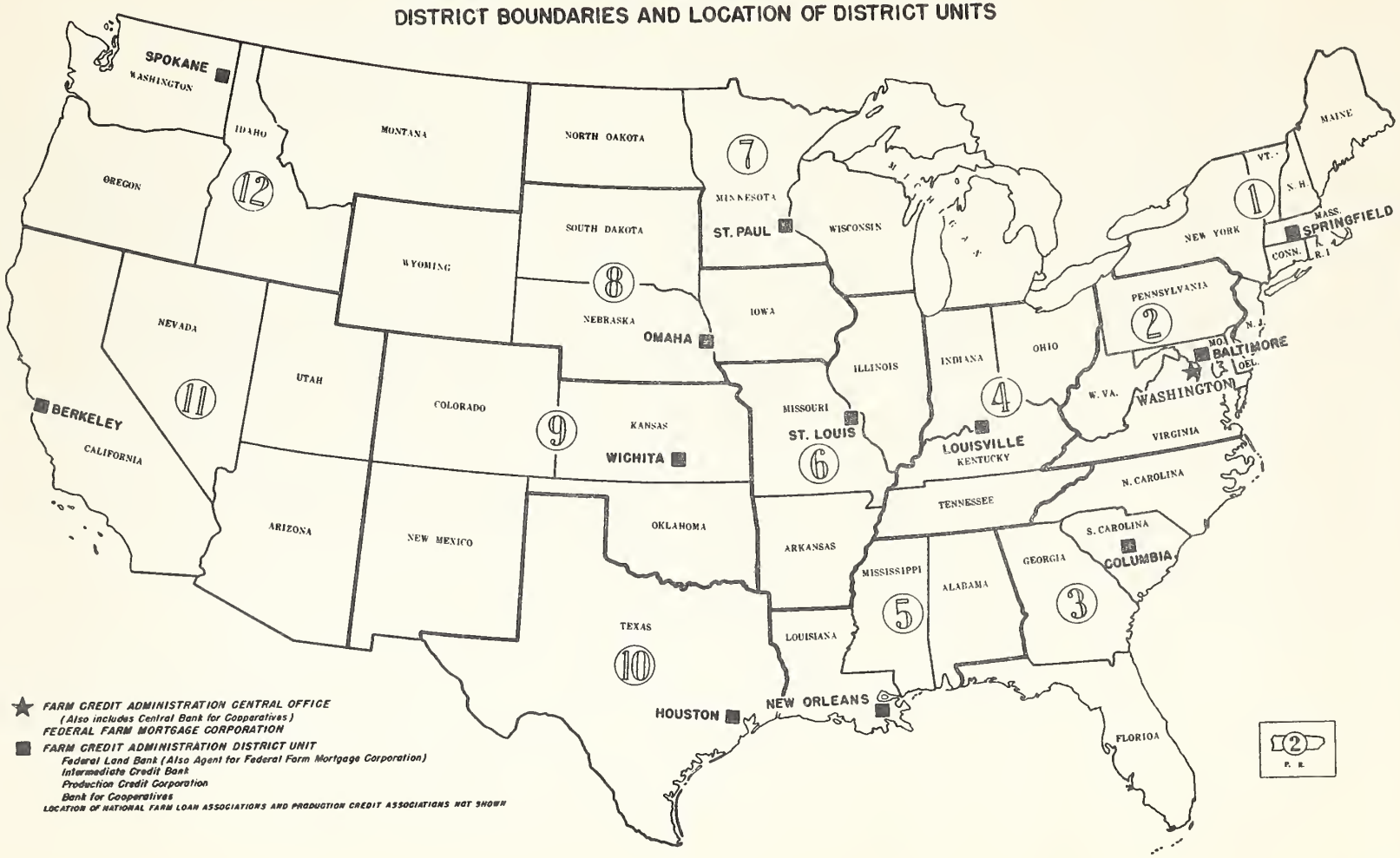
Uniform accounting and production records for milk distributing Co-ops. -- A standardized system of forms and procedures for accounting and production control of cooperative milk distribution was developed, tested under actual operations, and made available to Co-ops (Misc. Report 159).

Training Co-op leaders. -- Farm Credit Administration is contributing to the training of future Co-op leaders by supplying teachers with instruction material and other assistance. 27,000 teachers are using a Farm Credit Administration circular (E 34) which outlines agricultural cooperation and catalogues information of the subject. Teacher training work shops have been conducted in 38 states.

Effective merchandising of cranberries. -- A sales promotion plan developed for the cranberry Co-ops advised coordination of their advertising campaign with those of the wholesalers and retailers of their products, and increasing the consumption of cranberries through the development and promotion of more varied and extensive uses.

FARM CREDIT ADMINISTRATION

DISTRICT BOUNDARIES AND LOCATION OF DISTRICT UNITS



FARM CREDIT SYSTEM

Table 1 - Amount of loans and discounts made, fiscal years 1949 through 1952

Loans and discounts by Institution	1949	1950	1951	1952
Farm mortgage loans:				
Federal land banks	$163,696,466	$199,409,873	$205,777,689	$237,059,076
Land Bank Commissioner	10,106	26,185	46,418	48,036
Total	163,706,572	199,436,058	205,824,107	237,107,112
Loans to cooperatives:				
Federal intermediate credit banks 1/	12,145,786	8,226,825	12,427,866	12,500,000
Banks for cooperatives 2/	458,716,117	372,629,298	509,553,818	536,879,618
Agricultural Marketing Act revolving fund 1/	1,000,000	700,000	700,000	700,000
Total	471,861,903	381,556,123	522,681,684	550,079,618
Other loans and discounts:				
Production credit associations 1/	956,367,720	967,737,941	1,222,213,553	1,376,542,930
Federal intermediate credit banks (excluding loans to cooperatives) 1/	1,598,472,452	1,511,401,448	1,911,268,875	2,064,772,277
Total	2,554,840,172	2,479,139,389	3,133,482,428	3,441,315,207
Grand total	3,190,408,647	3,060,131,570	3,861,988,219	4,228,501,937

1/ Includes renewals.
2/ Excludes advances under CCC programs.

FARM CREDIT SYSTEM

Table 2 - Amount of loans and discounts outstanding as of June 30 for specified years

Loans and discounts by Institution	1949	1950	1951	1952
Farm mortgage loans:				
Federal land banks	$880,137,999	$930,703,611	$974,388,604	$1,046,439,779
Land Bank Commissioner	65,496,576	49,494,029	37,147,200	27,459,622
Joint stock land banks	3,250	-	-	-
Total	945,637,825	980,197,640	1,011,535,804	1,073,899,401
Loans to cooperatives:				
Federal intermediate credit banks	646,077	591,574	2,500,000	
Banks for cooperatives 1/	248,008,208	244,605,580	311,280,234	342,377,354
Agricultural Marketing Act revolving fund	915,303	1,159,083	805,083	754,540
Total	249,569,588	246,356,237	314,585,317	343,131,894
Other loans and discounts:				
Production credit associations	528,026,386	531,133,429	681,998,094	797,612,105
Federal intermediate credit banks (excluding loans to cooperatives)	642,956,359	590,597,716	792,133,159	903,310,831
Total	1,170,982,745	1,121,731,145	1,474,131,253	1,700,922,936
Grand total	2,366,190,158	2,348,285,022	2,800,252,374	3,117,954,231

1/ Excludes advances under CCC programs.

FARM CREDIT SYSTEM

Table 3 - Gross assets as of June 30 for specified years

Assets by Institution	1949	1950	1951	1952
Farm mortgage credit:				
Federal land banks	$1,029,997,976	$1,083,264,224	$1,113,923,072	$1,195,131,267
Federal Farm Mortgage Corporation	73,995,835	57,657,720	43,806,472	31,360,389
Total	1,103,993,811	1,140,921,944	1,157,729,544	1,226,491,656
Short-term credit:				
Production credit corporations	63,639,983	59,299,531	55,739,663	52,128,463
Production credit associations	661,262,852	671,065,708	833,757,734	958,119,532
Federal intermediate credit banks	707,940,058	r/655,309,390	862,454,021	976,432,424
Banks for cooperatives	312,815,324	317,067,995	381,076,350	416,969,891
Total	1,745,658,217	r/1,702,742,624	2,133,027,768	2,403,650,310
Institutions in process of liquidation:				
Agricultural Marketing Act revolving fund	184,033,444	184,045,518	184,487,966	184,431,077
Joint stock land banks	558,518	328,112		
Total	184,591,962	184,373,630	184,487,966	184,431,077
Grand total	3,034,243,990	r/3,028,038,198	3,475,245,278	3,814,573,043

r/ Revised.

Table 4 - SELECTED COMPARATIVE DATA ON FEDERAL LAND BANKS

Item	June 30, 1950	June 30, 1951	June 30, 1952
Gross assets	$1,083,264,224	$1,113,923,072	$1,195,131,267
Loans outstanding:			
Number	308,798	308,258	310,638
Amount	$930,703,611	$974,388,604	$1,046,439,779
Loans closed during year ended:			
Number	43,508	40,377	41,501
Amount	$199,409,873	$205,777,689	$237,059,076
Loans purchased from FFMC during year ended:			
Number	1,264	817	1,054
Amount	$1,400,625	$831,686	$938,627
Repayments of loans during year ended 1/	$105,046,186	$113,692,996	$107,536,190
Loans delinquent:			
Number	14,964	13,331	11,712
Amount	2/	2/	2/
Percent of loans delinquent:			
Number	4.8	4.3	3.8
Amount	2/	2/	2/
Real estate and sheriffs' certificates acquired during the year ended:			
Number	22	27	23
Investment	$78,132	$62,229	$73,413
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	21	21	25
Part	2	2	-
Investment	$62,058	$78,006	$55,805
Real estate and sheriffs' certificates on hand:			
Number	23	29	27
Investment	$95,249	$78,869	$100,036
Bonds outstanding	$715,601,500	$714,786,500	$814,952,400
Capital stock and surplus paid in -			
United States Government	-	-	-
Capital stock owned by borrowers	$59,287,930	$61,507,783	$65,225,843
Earned surplus	$114,933,674	$123,952,232	$39,125,526
Surplus reserve	-	-	$99,600,000
Legal reserve	$97,557,587	$99,813,059	$102,777,144
Number of associations	1,216	r/1,202	1,181

1/ Includes principal matured, special principal payments, loans paid off prior to maturity.
2/ Not available.
r/ Revised.

Table 5 - SELECTED COMPARATIVE DATA ON FEDERAL INTERMEDIATE CREDIT BANKS

Item	June 30, 1950	June 30, 1951	June 30, 1952
Gross assets	$655,309,390	$862,454,021	$976,432,424
Loans and discounts outstanding	$591,189,290	$794,633,159	$903,310,831
Loans and discounts made during year ended 1/	$1,519,628,273	$1,923,696,741	$2,077,272,277
Repayments of loans during year 1/	$1,572,041,419	$1,720,252,872	$1,968,594,605
Loans delinquent - amount	$4,295,465	$5,353,450	$8,114,155
Percent of loans delinquent	0.73	0.67	0.90
Debentures outstanding	$543,925,000	$742,570,000	$847,600,000
Debentures issued during year	$727,055,000	$903,610,000	$1,152,110,000
Franchise tax	2/ $393,660	3/ $299,525	4/ $285,300
Capital stock (owned by U. S. Government)	$60,000,000	$60,000,000	$60,000,000
Surplus paid in	-	$1,150,000	$5,825,000
Earned surplus	$26,450,196	$27,348,769	$28,204,669
Reserve for contingencies	$12,050,000	$13,075,000	$14,310,000

1/ Includes renewals.
2/ Represents tax for the fiscal year ended June 30, 1950, paid in July 1950.
3/ Represents tax for the fiscal year ended June 30, 1951, paid in July 1951.
4/ Represents tax for the fiscal year ended June 30, 1952, paid in July 1952.

Table 6 - SELECTED COMPARATIVE DATA ON BANKS FOR COOPERATIVES

Item	June 30, 1950	June 30, 1951	June 30, 1952
Gross assets	$317,067,995	$381,076,350	$416,969,891
Number of borrowing cooperatives	1,754	1,920	1,995
Loans made during year ended	$372,629,298	$509,553,818	$536,879,618
Repayments of loans during year	$372,482,923	$441,006,664	$505,258,115
Loans outstanding	$244,605,580	$311,280,234	$342,377,354
Unmatured debentures outstanding	$30,000,000	$30,000,000	$110,000,000
Capital stock or guaranty fund owned by borrowers	$14,085,900	$16,485,100	$18,100,100
Capital stock owned by U. S. Government	$178,500,000	$178,500,000	$178,500,000
Earned surplus	$32,518,720	$37,348,434	$40,831,227
Legal reserve	$13,457,225	$15,155,464	$16,549,728
Reserve for contingencies	$6,150,000	$6,415,000	$7,115,000

Table 7 - SELECTED COMPARATIVE DATA ON PRODUCTION CREDIT CORPORATIONS AND PRODUCTION CREDIT ASSOCIATIONS

Item	June 30, 1950	June 30, 1951	June 30, 1952
Production credit corporations:			
Gross assets	$59,299,531	$55,739,663	$52,128,463
Capital stock - U. S. Government	$42,235,000	$39,235,000	$36,235,000
Earned surplus	$16,801,372	$16,200,750	$15,614,104
Production credit associations:			
Gross assets	$671,065,708	$833,757,734	$958,119,532
Number of associations	502	500	499
Number of member-stockholders	460,936	468,463	475,546
Number of loans made during year 1/	282,693	286,619	281,062
Amount of loans made during year ended 1/	$967,737,941	$1,222,213,553	$1,376,542,930
Number of loans outstanding	252,412	255,523	254,805
Amount of loans outstanding	$531,133,429	$681,998,094	$797,612,105
Repayments of loans during year:			
Number of loans repaid in full	184,825	189,887	184,867
Total amount of repayments	$771,304,919	$864,033,951	$992,513,989
Renewals:			
Number	97,107	92,674	96,259
Amount	$192,468,570	$206,706,537	$267,671,857
Loans delinquent:			
Number	4,340	3,976	3,340
Amount	$5,707,711	$5,221,531	$5,451,176
Percent of loans delinquent:			
Number	1.7	1.6	1.3
Amount	1.1	0.8	0.7
Stock owned by members (largely class B)	$67,192,709	$77,094,902	$87,849,052
Stock owned by production credit corporations (class A)	$18,065,850	$12,656,500	$8,724,800
Reserve for guaranty fund	$8,963,000	$9,230,000	$9,475,400
Reserve for contingencies	$47,712,848	$54,426,360	$62,634,807
Unapplied earnings	$4,451,585	$5,780,239	$6,450,594

1/ Includes renewals.

Table 8 - SELECTED COMPARATIVE DATA ON FEDERAL FARM MORTGAGE CORPORATION

Item	June 30, 1950	June 30, 1951	June 30, 1952
Gross assets	$57,657,720	$43,806,472	$31,360,389
Loans outstanding:			
Number	59,148	47,440	37,701
Amount	$49,494,029	$37,147,200	$27,459,622
Loans closed during year ended:			
Number	30	43	55
Amount	$26,185	$46,418	$48,036
Repayments of loans during year ended 1/	2/$15,979,964	r/3/$12,215,816	4/ $9,555,527
Loans delinquent:			
Number	6,045	4,423	3,052
Amount	5/	5/	5/
Percent of loans delinquent:			
Number	10.2	9.3	8.1
Amount	5/	5/	5/
Real estate and sheriffs' certificates acquired during the year ended:			
Number	21	20	15
Investment	$50,263	$31,595	$23,345
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	19	17	17
Part	1	1	
Investment	$38,384	$66,643	$63,846
Real estate and sheriffs' certificates on hand:			
Number	17	20	18
Investment	$55,972	$52,312	$31,559
Bonds outstanding			
Capital stock	$10,000	$10,000	$10,000
Reserve for contingencies			$1,500,000
Retained earnings	$49,029,069	$37,683,293	$28,870,934

1/ Includes principal matured, special principal payments, and loans paid off prior to maturity.
2/ Includes loans sold to FLB in the amount of $1,400,625.
3/ Includes loans sold to FLB in the amount of $831,686.
4/ Includes loans sold to FLB in the amount of $938,627.
5/ Not available.

r/ Revised.

(b) Administrative Expenses and Refunds

Appropriation Act, 1953	$2,322,100
Reduction pursuant to Section 411	-649
Adjusted appropriation, 1953, and base for 1954	2,321,451
Revised Budget Estimate, 1954	2,135,500
Decrease (due to reduction in supervision, examination, facilities and services to farm credit banks and corporations)	-185,951

Assessments collected from Farm Credit banks and corporations are appropriated to this account. These funds are advanced to the appropriation "Salaries and Expenses, Farm Credit Administration", to cover the estimated cost of supervision and annual examination of said institutions by the Farm Credit Administration. At the end of each fiscal year, settlement is made with the assessed institutions. (12 U.S. C. 832)

(c) Agricultural Marketing Revolving Fund

These funds are invested in the capital stock of the 13 banks for cooperatives, and loans are made to cooperative associations indebted to the fund to facilitate the collection of such indebtedness (12 U.S.C. 1134b, 1141d).

(b) Administrative Expenses and Refunds

Appropriation Act, 1953	$2,322,100
Reduction pursuant to Section 411	-649
Adjusted appropriation, 1953, and base for 1954	2,321,451
Budget Estimate, 1954	2,322,000
Change (adjustment to round-off the estimate)	+549

Assessments collected from Farm Credit banks and corporations are appropriated to this account. These funds are advanced to the appropriation "Salaries and Expenses, Farm Credit Administration", to cover the estimated cost of supervision and annual examination of said institutions by the Farm Credit Administration. At the end of each fiscal year, settlement is made with the assessed institutions. (12 U.S.C. 832)

(c) Agricultural Marketing Revolving Fund

These funds are invested in the capital stock of the 13 banks for cooperatives, and loans are made to cooperative associations indebted to the fund to facilitate the collection of such indebtedness (12 U.S.C. 1134b, 1141d).

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Agricultural Marketing Act, Agriculture (Farm Credit Administration):			
For marketing research	$195,763	$208,500	$219,000
Flood Prevention, Agriculture (Farm Credit Administration):			
For general basin investigations	117	300	1,500
Working Funds, Agriculture, General (Farm Credit Administration):			
Advanced from Department of State:			
For expenses incident to the training of Japanese agricultural leaders in the general field of agriculture	124	- -	- -
For expenses incident to the Point IV foreign trainee program	- -	1,500	- -
Total, Working Funds, Agriculture, General	124	1,500	- -
Mutual Security (Allocation to Agriculture) (Farm Credit Administration):			
For expenses incident to the foreign trainee program	3,374	4,200	- -
Obligations Under Reimbursements From Governmental and Other Sources:			
Salaries and expenses	16,076	1,000	1,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	215,454	215,500	221,500

EXTENSION SERVICE

Purpose Statement

The Smith-Lever Act of May 8, 1914, inaugurated the present nationwide system of cooperative Federal-State extension work in agriculture and home economics. Its function is to take the research results, farm situation, and program facts of the Department of Agriculture and the State Agricultural Colleges and Experiment Stations to rural people in terms of local, ready-for-use application. The activities of the entire cooperative extension organizations are directed toward:

1. Maximizing net farm income and farm stability through the application of advancing science and technology. Emphasis at present is on maintaining optimum production, balanced individual farm production plans, increased production efficiency, and improved marketing methods, thereby putting each farm to the extent possible on a sound economic basis.

2. Conservation of resources for the benefit of the individual farmer, the nation, and future generations.

3. The improvement of family living through better housing and home facilities, use of labor saving equipment and methods, farm and home safety measures, and other means.

4. The improvement of health through better nutrition and more effective utilization of health facilities and services.

5. The improvement and use of educational and recreational facilities for the home and the community.

6. The development of a better understanding of, and more effective participation in community, State, national, and international affairs to the end that constructive policies may be determined.

Funds for payments to States are distributed to each State, Alaska, Puerto Rico and Hawaii, partly on the basis of prescribed amounts and partly on the basis of the rural population, the farm population, and, within limitations, as the Secretary may determine. The cooperative extension service derives its finances from Federal, State, county and local sources. These funds are used within the States for the employment of county agents, home demonstration agents, 4-H Club agents, State specialists and others who conduct among rural people the joint educational programs adopted for local application.

The Federal Extension Service maintains its central office in Washington and carries on its functions through the State extension services in cooperation with the 51 State and Territorial Land-Grant colleges, and a network of county extension offices in more than 3,000 counties.

On November 30, 1952, there were approximately 12,600 State and county extension workers attached to the State organizations, and 249 Federal employees, 183 of whom were in Washington.

	Appropriated, 1953	Budget Estimate, 1954
Appropriated Funds:		
Payments to States, Hawaii, Alaska, and Puerto Rico	$31,877,156	$31,880,329
Salaries and expenses	899,428	1,030,000
Total appropriated funds	32,776,584	32,910,329

Summary of Appropriations, 1953 and Estimates, 1954

Item	Total estimated available, 1953	Budget estimates, 1954	Increase (+) or Decrease (-)
Payments to States:			
Capper-Ketcham Act	$1,480,000	$1,480,000	- -
Bankhead-Jones Act, Title II:			
Section 21	12,000,000	12,000,000	- -
Section 23	12,496,827	12,500,000	+$3,173
Additional extension work	555,000	555,000	- -
Alaska	59,858	59,858	- -
Puerto Rico	541,221	541,221	- -
Housing Act of 1949, Title V:			
Section 506a	33,050	33,050	- -
Cooperative agricultural extension work (permanent)	4,711,200	4,711,200	- -
Total, Payments to States	31,877,156	31,880,329	+3,173
Salaries and expenses	899,428	1,030,000	+130,572
Total	32,776,584	32,910,329	+133,745
Deduct permanent appropriation:			
Cooperative agricultural extension work	-4,711,200	-4,711,200	- -
Total, direct annual appropriations	28,065,384	28,199,129	+133,745

(a) Payments to States, Hawaii, Alaska, and Puerto Rico for Cooperative Agricultural Extension Work

Appropriation Act, 1953	$27,169,129
Reduction pursuant to Section 412	-3,173
Adjusted appropriation, 1953, and base for 1954	27,165,956
Budget Estimate, 1954	27,169,129
Increase (to round off estimate to the amount authorized by Sec. 23, title II of the Bankhead-Jones Act)	+3,173

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 (estimated)
1. Capper-Ketcham Act (Act of May 22, 1928) ...	$1,480,000	$1,480,000	- -	$1,480,000
2. Bankhead-Jones Act, section 21, title II (Act of June 29,1935) ...	12,000,000	12,000,000	- -	12,000,000
3. Bankhead-Jones Act, section 23, title II of the Act approved June 29, 1935, as amended by the Act of June 6, 1945	12,250,000	12,250,000	- -	12,250,000
Administrative expenses, Federal Extension Service	236,593	246,827	+$3,173	250,000
4. Additional Extension Work (Act of April 24, 1939)	555,000	555,000	- -	555,000
5. Alaska:				
(Act of Feb. 23, 1929)	13,950	17,300	- -	17,300
(Act of Oct. 27, 1949)	42,150	42,558	- -	42,558
6. Puerto Rico:				
(Sec. 3, Act of March 4,1931 Extension of Capper-Ketcham Act to Puerto Rico).....	31,348	32,131	- -	32,131
(Act of Aug. 28,1937)	408,000	408,000	- -	408,000
(Act of Oct. 26,1949)	71,502	101,090	- -	101,090
7. Housing Act of 1949, Title V, section 506a ...	33,050	33,050	- -	33,050
Unobligated balance	13,407	- -	- -	- -
Total available or estimate	27,135,000	27,165,956	+3,173	27,169,129
Reduction pursuant to Section 412	- -	+3,173		
Total appropriation or estimate	27,135,000	27,169,129		

PAYMENTS TO STATES AND TERRITORIES

Federal funds available for fiscal year 1953 for cooperative agricultural extension work within the States, Hawaii, Alaska, and Puerto Rico, including the permanent appropriation under the Smith-Lever Act ($4,711,200), and funds allotted to the Department of Agriculture for State and Private Forestry Cooperation ($88,180) and for carrying out the provisions of the Agricultural Marketing Act ($431,600), total $32,150,109.

Payments to the States and Territories are made directly to a designated officer in each State and Territory and the funds are disbursed by them in accordance with budgets and programs of work submitted by the State directors of extension and approved by the Director of the Federal Extension Service on behalf of the Secretary of Agriculture. Some offset by States and Territories is required by law before the funds become available. At present extension work is being financed about 38 percent from Federal sources and about 62 percent from State and local sources. The funds are used by the States for carrying on extension work with rural people. Paid workers are being assisted by a network of voluntary neighborhood leaders who cooperate in carrying out extension programs.

The use of these funds is indicated in greater detail in the following tables. Table 1 indicates the sources of funds allotted for cooperative extension work in the States, Alaska, Hawaii, and Puerto Rico for 1953 including allotments for State and Private Forestry and Agricultural Marketing. Table 2 shows estimated direct payments to the States and Territories for 1954, indicating those which require offset by State, county or local funds, those where such offset is not required, and the basis of allotment. Table 3 indicates the various classes of field agents employed with extension funds.

U. S. DEPARTMENT OF AGRICULTURE
EXTENSION SERVICE

SOURCES OF FUNDS ALLOTTED FOR COOPERATIVE EXTENSION WORK IN STATES, ALASKA, HAWAII, AND PUERTO RICO
FOR THE FISCAL YEAR ENDING JUNE 30, 1953

STATES	GRAND TOTAL	TOTAL FEDERAL FUNDS	TOTAL WITHIN THE STATES	FUNDS FROM FEDERAL SOURCES								FUNDS FROM WITHIN THE STATES		
				SMITH-LEVER	BANKHEAD-JONES SECTION 21 TITLE II	BANKHEAD-JONES SECTION 23 TITLE II	CAPPER-KETCHAM	ADDITIONAL COOPERATIVE	CLARKE-MCNARY FORESTRY	FARM HOUSING TITLE V HOUSING ACT OF 1949	AGRICULTURAL MARKETING ACT* (RMA-TITLE II)	STATE AND COLLEGE	COUNTY	LOCAL NON-PUBLIC SOURCES
Alabama	$ 2,432,693.17	$ 1,212,393.17	$ 1,220,300.00	$ 140,100.44	$ 502,475.28	$ 514,435.98	$ 35,820.71	$ 3,724.15	$ 1,620.00	$ 640.00	$ 13,576.61	$ 641,500.00	$ 578,800.00	$ -
Arizona	434,959.00	183,877.45	251,081.55	35,220.63	61,113.21	63,836.68	23,066.93	-	-	640.00	-	205,439.05	45,642.50	-
Arkansas	1,725,164.55	996,437.55	728,727.00	106,691.93	419,860.17	426,348.18	31,758.11	6,949.16	1,620.00	640.00	2,570.00	459,050.00	262,677.00	7,000.00
California	3,863,386.00	723,453.85	3,139,932.15	164,747.24	260,837.46	256,791.30	38,817.85	-	1,620.00	640.00	-	2,130,312.15	1,009,620.00	-
Colorado	1,066,754.16	357,677.16	709,077.00	47,331.24	110,836.10	141,853.37	24,539.62	27,395.83	1,260.00	640.00	3,821.00	381,000.00	328,077.00	-
Connecticut	587,465.18	173,709.90	413,755.28	43,918.99	57,650.95	40,145.07	24,124.68	-	1,620.00	640.00	5,610.21	214,697.28	176,098.00	22,960.00
Delaware	182,194.60	101,702.39	80,492.21	18,994.12	36,515.26	18,459.29	21,093.72	-	-	640.00	6,000.00	71,501.00	4,116.21	4,875.00
Florida	1,314,697.67	365,763.70	948,933.97	82,384.75	129,651.51	121,915.18	28,802.26	-	1,620.00	640.00	750.00	491,620.97	457,313.00	-
Georgia	2,638,822.50	1,259,860.50	1,378,962.00	152,524.13	511,293.31	523,838.15	37,331.48	26,432.70	3,240.00	640.00	4,560.73	750,000.00	624,262.00	4,700.00
Idaho	779,278.17	277,833.17	501,445.00	35,409.72	92,773.63	119,594.39	23,089.92	3,445.51	2,880.00	640.00	-	258,995.00	228,450.00	14,000.00
Illinois	2,992,652.72	968,820.72	2,023,832.00	157,648.14	371,653.23	374,947.87	37,954.58	10,736.90	3,240.00	640.00	12,000.00	756,832.00	10,000.00	1,257,000.00
Indiana	2,326,205.59	804,711.59	1,521,494.00	129,230.20	313,278.64	312,706.35	34,498.85	-	1,620.00	640.00	12,737.55	845,850.00	675,644.00	-
Iowa	2,544,994.27	903,636.27	1,641,358.00	113,588.18	354,375.33	356,525.41	32,596.72	28,020.63	3,240.00	640.00	14,650.00	831,358.00	530,000.00	280,000.00
Kansas	2,527,313.09	657,720.09	1,869,593.00	78,957.15	238,032.79	245,755.97	28,385.45	50,228.73	1,620.00	640.00	14,100.00	419,832.00	1,422,711.00	27,050.00
Kentucky	2,159,944.30	1,152,263.41	1,007,680.89	150,679.76	473,004.01	483,012.44	37,107.20	-	1,620.00	640.00	6,200.00	633,061.69	374,619.20	-
Louisiana	2,187,413.19	796,870.16	1,390,543.03	101,618.88	326,764.51	327,085.57	31,141.20	-	1,620.00	640.00	8,000.00	1,179,647.25	204,615.78	6,280.00
Maine	452,181.91	227,778.11	224,403.80	43,400.04	83,322.64	72,517.33	24,061.57	2,216.53	1,620.00	640.00	-	169,453.80	54,950.00	-
Maryland	1,343,249.17	308,856.17	1,034,393.00	64,971.86	108,235.27	94,080.25	26,684.79	-	1,620.00	640.00	12,624.00	831,236.00	203,157.00	-
Massachusetts	1,106,389.48	233,858.77	872,530.71	65,287.58	72,883.76	56,386.95	26,723.18	-	1,620.00	640.00	10,317.30	319,056.00	553,474.71	-
Michigan	2,649,941.28	888,422.38	1,761,518.90	151,280.51	332,829.40	333,552.22	37,180.25	-	3,240.00	640.00	29,700.00	1,307,241.90	454,277.00	-
Minnesota	1,771,208.27	855,349.75	915,858.52	112,638.14	348,555.43	350,319.99	32,481.19	-	3,240.00	640.00	7,475.00	400,258.52	475,600.00	40,000.00
Mississippi	2,706,891.73	1,246,654.38	1,460,237.35	128,831.31	524,051.38	537,441.35	34,450.34	-	3,240.00	640.00	18,000.00	775,000.00	618,808.00	66,429.35
Missouri	2,310,038.70	1,039,751.78	1,270,286.92	125,065.15	424,282.66	431,063.63	33,992.36	1,686.98	1,620.00	640.00	21,401.00	676,960.88	405,814.33	187,511.71
Montana	915,340.67	289,070.20	626,270.47	35,175.50	83,243.96	107,433.45	23,061.44	32,217.74	1,260.00	640.00	6,038.11	302,383.47	308,712.00	15,175.00
Nebraska	1,410,199.59	543,298.76	866,900.83	63,195.61	198,975.81	197,131.74	26,468.79	49,781.81	1,620.00	640.00	5,485.00	476,900.83	390,000.00	-
Nevada	244,948.22	118,373.88	126,574.34	15,175.72	25,698.11	43,075.58	20,629.39	11,955.08	1,200.00	640.00	-	61,750.34	64,824.00	-
New Hampshire	404,553.65	133,170.47	271,383.18	27,119.55	45,320.00	28,997.28	22,081.80	1,134.54	1,620.00	640.00	6,257.30	163,421.18	107,962.00	-
New Jersey	1,080,970.53	221,643.80	859,326.73	59,076.45	71,390.79	54,795.08	25,967.88	8,153.60	1,620.00	640.00	-	449,743.00	409,583.73	-
New Mexico	781,140.00	270,567.73	510,572.27	35,652.41	84,068.40	111,312.49	23,119.43	-	-	640.00	15,775.00	401,422.27	107,650.00	1,500.00
New York	4,383,585.95	805,139.33	3,578,446.62	172,378.97	282,400.98	279,783.26	39,745.90	-	3,240.00	640.00	26,950.22	1,670,606.62	1,660,422.00	247,418.00
North Carolina	4,216,803.43	1,521,430.43	2,695,373.00	213,665.15	616,134.72	635,624.59	44,766.46	-	1,620.00	640.00	8,979.51	1,669,123.00	1,022,750.00	3,500.00
North Dakota	863,670.16	417,213.66	446,456.50	44,386.30	137,807.12	160,611.04	24,181.51	38,705.53	1,620.00	640.00	9,262.16	142,870.50	303,586.00	-
Ohio	2,154,986.31	1,069,654.31	1,085,332.00	189,057.82	411,078.06	416,984.32	41,774.11	-	1,620.00	640.00	8,500.00	545,698.00	506,468.00	33,166.00
Oklahoma	1,946,709.97	907,507.86	1,039,202.11	92,701.34	354,232.35	356,372.97	30,056.80	51,344.98	1,620.00	640.00	20,539.42	790,071.00	249,131.11	-
Oregon	1,878,512.04	341,308.85	1,537,203.19	63,076.00	112,951.25	134,108.63	26,454.24	-	1,620.00	640.00	2,458.73	1,178,661.19	358,542.00	-
Pennsylvania	2,309,188.62	1,000,498.62	1,308,690.00	243,993.69	348,623.69	350,392.77	48,454.53	-	1,620.00	640.00	6,773.94	978,690.00	330,000.00	-
Rhode Island	173,858.48	75,769.96	98,088.52	19,426.65	26,217.56	6,629.43	21,146.32	-	-	-	2,350.00	75,532.57	19,550.00	3,005.95
South Carolina	1,791,410.61	853,029.34	938,381.27	111,242.26	349,274.61	351,086.81	32,311.44	2,352.22	3,240.00	640.00	2,882.00	829,750.00	101,391.27	7,240.00
South Dakota	973,439.50	409,233.50	564,206.00	42,965.77	130,397.99	147,711.11	24,008.76	59,839.87	1,620.00	640.00	2,050.00	366,848.00	191,248.00	6,110.00
Tennessee	2,141,430.64	1,160,642.64	980,788.00	149,045.19	478,227.94	488,582.42	36,908.43	-	1,620.00	640.00	5,618.66	610,514.00	368,344.00	1,930.00
Texas	4,169,461.78	1,988,676.00	2,180,785.78	227,221.46	795,775.47	827,165.32	46,414.96	82,238.79	1,620.00	640.00	7,600.00	788,989.66	1,389,574.12	2,222.00
Utah	548,362.96	215,382.96	332,980.00	28,069.97	57,596.34	80,086.85	22,197.38	13,607.42	1,260.00	640.00	11,925.00	230,000.00	102,980.00	-
Vermont	422,784.98	170,030.99	252,753.99	28,155.25	58,269.54	52,804.64	22,207.75	5,453.81	1,300.00	640.00	1,200.00	167,200.00	75,029.00	10,524.99
Virginia	2,543,896.02	940,637.31	1,603,258.71	142,955.19	374,361.83	377,835.89	36,167.86	-	3,240.00	640.00	5,436.54	1,262,642.71	340,616.00	-
Washington	1,362,723.82	414,991.91	947,731.91	76,214.07	142,282.78	158,383.18	28,051.88	-	1,620.00	640.00	7,800.00	545,982.98	401,748.93	-
West Virginia	1,070,328.37	562,848.37	507,480.00	109,122.23	211,331.54	204,005.96	32,053.64	-	1,620.00	640.00	4,075.00	362,480.00	140,000.00	5,000.00
Wisconsin	2,254,683.68	857,538.68	1,397,145.00	119,375.85	337,178.24	338,189.14	33,300.52	1,214.93	3,240.00	640.00	24,400.00	532,132.00	865,013.00	-
Wyoming	594,351.35	182,949.53	411,401.82	21,031.51	46,185.03	72,919.61	21,341.47	19,571.91	1,260.00	640.00	-	281,129.82	130,272.00	-
Alaska	120,498.00	60,498.00	60,000.00	17,300.00	20,808.00	862.00	20,888.00	-	-	640.00	-	60,000.00	-	-
Hawaii	509,223.82	187,928.30	321,295.52	21,713.00	66,699.96	49,793.52	21,424.35	16,590.65	-	640.00	11,066.82	321,295.52	-	-
Puerto Rico	1,200,464.73	671,763.55	528,701.18	109,487.02	408,000.00	101,090.00	32,131.00	-	1,620.00	640.00	18,795.53	528,701.18	-	-
Unallotted	21,907.66	21,907.66	-	-	-	15,570.00	-	-	-	1,050.00	5,287.66	-	-	-
GRAND TOTAL	$84,593,274.24	$32,150,109.02	$52,443,165.22	$4,728,500.02	$12,428,808.00	$12,351,952.00	$1,533,019.00	$555,000.00	$88,180.00	$33,050.00	$431,600.00	$30,544,443.33	$19,644,123.89	$2,254,598.00

* - Preliminary Distribution
Excludes Regional Contract Section 205

857(8-52)

Table 2.--Statement of direct payments to States, Hawaii, Alaska, and Puerto Rico, indicating those requiring offset by States and Territories, those not requiring such offset, and basis of distributions, as estimated for 1954.

Item	Total Estimate, 1954	Amount to be paid without offset	Amount requiring offset and basis of allotment	
			Amount	Basis of Allotment
1. Permanent annual appropriation (Smith-Lever Act)	a/$4,711,200	$500,000	$4,211,200	Rural population
2. Capper-Ketcham Act	b/ 1,480,000	980,000	500,000	Rural population
3. Bankhead-Jones Act, Section 21, Title II	c/12,000,000	12,000,000	- -	Farm population
4. Bankhead-Jones Act, Section 23, Title II of the Act approved June 29, 1935, as amended by the Act of June 6, 1945	12,250,000	- -	12,250,000	Farm population except $500,000 to be allotted by Secretary of Agriculture on basis of special needs.
5. Additional extension work	555,000	555,000	- -	Specified by law
6. Alaska:				
Act of February 23, 1929 (Extension of Smith-Lever Act to Alaska)	d/ 17,300	10,000	7,300	Rural population
Act of October 27, 1949 (Public Law 417)	42,558			
(Extension of Capper-Ketcham Act to Alaska)	e/	20,000	888	Rural population
(Extension of Bankhead-Jones Act, Title II, Section 21 to Alaska)	f/	20,808	- -	Farm population
(Extension of Bankhead-Jones Act, Title II Section 23, to Alaska)	- -	- -	862	Farm population

(Continued on next page)

Item	Total Estimate, 1954	Amount to be paid without offset	Amount requiring offset and basis of allotment	
			Amount	Basis of Allotment
7. Puerto Rico:				
Act of Aug. 28,1937 (Extension of Bankhead-Jones Act, Section 21 to Puerto Rico)	408,000	408,000	- -	Specified by law
Act of March 4, 1931, Section 3 (Extension of Capper-Ketcham Act to Puerto Rico)	g/ 32,131	20,000	12,131	Rural population
Act of Oct. 26, 1949 (Public Law 406) (Extension of Bankhead-Jones Act, Section 23, Title II to Puerto Rico)	101,090	- -	101,090	Farm population
8. Housing Act of 1949, Title V, Section 506a (Public Law 171)	33,050	33,050	- -	Discretion of Secretary
Total, direct Federal payments	31,630,329	14,546,858	17,083,471	

a/ $10,000 to each State, Hawaii, and Puerto Rico.
b/ $20,000 to each State and Hawaii.
c/ $20,000 to each State, Hawaii (balance on farm population basis).
d/ $10,000 to Alaska (Act of February 23, 1929) (balance on rural population).
e/ $20,000 to Alaska (balance on rural population).
f/ $20,000 to Alaska (balance on farm population).
g/ $20,000 to Puerto Rico (balance on rural population).

Table 3.--Extension field agents employed June 30, 1949, 1950, 1951, and 1952

	June 30, 1949	June 30, 1950	June 30, 1951	June 30, 1952
State supervisors	767	764	784	788
Subject-matter specialists:				
Full-time specialists	1,507	1,649	1,697	1,694
Part-time specialists	426	459	551	512
Total specialists	1,933	2,108	2,248	2,206
Total with headquarters at colleges	2,700	2,872	3,032	2,994
County workers:				
Agricultural agents	4,687	4,866	4,910	4,866
Home demonstration agents.	3,064	3,178	3,261	3,285
Boys' and girls' club agents a/	627	731	652	645
Negro extension agents ...	732	773	787	803
Total county workers	9,110	9,548	9,610	9,599
TOTAL	11,810	12,420	12,642	12,593

Number of agricultural counties in the States, Hawaii, and Puerto Rico 3,106
Number of agricultural counties now having one or more agents 3,056

a/ These are special 4-H Club workers. In the majority of States, Alaska, Hawaii, and Puerto Rico, 4-H Club work is conducted by county agents, county home demonstration agents, and assistants.

STATUS OF PROGRAM

1. General: The primary function of the Cooperative Extension Service is education in agriculture and home economics. The nature of the educational responsibility includes not only the diffusing of information, but also the development of an interest in, and recognition of significant problems, encouragement in planning best ways and means of solving the problems recognized, and the stimulation of appropriate action by the people themselves. The broad objective is to improve the economic welfare, nutrition and health, family and community life of rural people and to help them solve the many inter-related problems which affect their lives.

2. Financing: The Service is cooperatively financed from Federal, State, and local funds. Federal funds, this year, contribute 38 percent of the $84,593,274 of total cost, which is expended in line with approved cooperative projects. State Governments contribute 36.1 percent of the total budget, and county and local sources provide the other 25.9 percent.

3. Extension Program Serves Many: In 1951 the Extension Service influenced a total of 6,680,000 families. Of these, 4,646,000 improved one or more agricultural practices and 3,295,000 improved one or more home practices as a result of extension activities.

   To reach and influence such large numbers of people, Extension agents and specialists used every teaching device and method known to modern educators. They depended heavily on the help given them by 1,174,000 voluntary local leaders, many of whom had received "basic" training by coming up through the ranks of 4-H Club work. They wrote 905,000 news stories, made 165,000 radio talks, appeared on numerous television shows, and distributed more than 23,000,000 bulletins, circulars, and pamphlets of their State agricultural colleges and the U.S. Department of Agriculture, as well as other agencies. They held more than 2,460,000 meetings with a record-breaking total attendance of 75,520,000 persons, or an average of 31 persons per meeting.

   Most of all, however, Extension agents depended upon personal contacts to get their message across. They handled 8,565,000 telephone calls, 8,074,000 office calls, and made 3,668,000 farm and home visits. Altogether, they made more than 20,000,000 personal contacts during the year.

4. 4-H Club Work: American agricultural strength for the future will depend upon the training of its youth today. Members of boys and girls 4-H Clubs in States and Territories enrolled in increasing numbers with a total last year of 2,004,139, the highest ever attained.

Almost 275,000 local volunteer leaders contributed their time and energy to make 4-H Club work a profitable and inspiring experience throughout the year. About 685,000 boys and girls enrolled in 4-H Club work for the first time. Available figures indicate that about 15 million boys and girls have participated in 4-H Club work at some time.

Records of 4-H boys and girls indicate approximately 100,000 acres in garden projects and one-half million acres in other food crops. Over one million head of livestock and more than nine million head of poultry represented an additional contribution to national food production and the opportunity to learn production methods at the same time. Other 4-H Club activities include conservation of natural resources, farm engineering, home beautification, food preservation, clothing, and a health program for the individual. More difficult of measurement but of increasing importance has been the training in citizenship and leadership. The democratically conducted meeting by members themselves and the early assumption of leadership responsibility for younger club members are ample proof of the training values in the program. Almost 70,000 regular 4-H Club members enrolled in a special junior leadership project the past year.

5. Home Demonstration Work: Home demonstration work continues to grow in both scope and number. The 1951 enrollment in the 63,000 clubs reached an all-time high of 1,423,000. The educational work in home economics is carried forward by 3,692 home demonstration agents. These professional women help homemakers plan local programs to meet recognized needs, provide the technical information essential to such program and assist in carrying on the program teaching activities. All phases of family living are included in the programs and homemakers welcome the practical kind of education home demonstration work offers. Increasing emphasis on homemaking programs is on home and community improvement. More than three million homes throughout the Nation made improvements last year based on the educational work of home demonstration agents. Work is carried on with both White and Negro homemakers, both farm and non-farm. More than a third of the home demonstration agent's time is given to helping with the 4-H Club program for girls. Records indicate over 500,000 volunteer local leaders assisting the agents in carrying on the work last year.

6. County Agricultural Agent Work: There were 4,866 White and 393 Negro agricultural agents employed in the over 3,000 counties of the United States last year. These technically trained men worked with farm and ranch operators to bring them the latest proved practices from State and Federal research efforts and the successful experiences of other operators. In addition many calls were received and much assistance was rendered to non-farm families with respect to gardens, lawns, and home improvements. Local adaptability of many recommended practices was assured by field demonstrations carried on cooperatively by farmers and extension agents. Last year the number of such demonstrations was 123,554 and more than 29,000 meetings were held at the site of these demonstrations. Over a million and a half people attended them. In addition, agents conducted almost 12,000 tours to observe recommended agricultural practices with 648,388 in attendance.

7. Agricultural Program Planning: Almost without exception, State Extension Services are making critical examinations of program building and execution. They are also cooperating with local people in the counties in the preparation of sound long-time programs for agriculture and rural living adapted to local conditions. 49,946 local people representing agriculture, homemaking and rural living participated in the over-all Extension program planning effort. In addition, 292,923 young people and their leaders cooperated in the planning of the 4-H programs and 536,961 rural women are members of county councils which assisted in developing local home demonstration programs.

8. Leader Training: Much of Extension's success is due to the quality and number of voluntary local leaders. To get greatest results from the leader training system, Extension held 96,621 training meetings for leaders of adult activities and over 61,000 meetings for training leaders of 4-H and other youth activities. It is interesting to note that adult leaders held more than 336,000 meetings with a total attendance of 6,428,500. Leaders taught to hold successful meetings not only serve their communities well, but they share in a self-improvement program yielding great personal satisfaction. The entire process is aimed at "helping people to help themselves."

9. New Problems, New Opportunities: Use of more mechanical and electrical power has been the principal means of compensating for the diminishing farm labor supply. The increasing use of farm tractors has also been one of the principal factors contributing to increasing the volume of marketable agricultural products through the release of acreage formerly used for horse pasturage and feed requirements. This is a gain in food producing ability for the Nation, but the farmer must increase his gross income to include the costs of mechanization, tractor fuel, and electrical energy.

   Extension assistance to farmers in coping with these mechanization problems has been steadily increasing with the advancing mobilization program. To meet the continuing reduction of skilled labor, farmers have demanded larger tractor units and have combined field operations for seed bed preparation, seeding, fertilizing, and pre-emergence weed control whenever possible. Harvesting of hay, ensilage, grains, and in fact every crop possible is mechanized and adapted to labor-saving practices in the field, in processing, storage, and handling as far as practicable.

   More than 100,000 farmers were assisted in selecting new farm equipment to meet their changing needs. More than 200,000 were assisted in making more efficient use of their mechnical equipment. Nearly an equal number were given instruction in maintenance, adjustment, and repair of farm tractors and mechanical equipment.

10. Control of Plant Diseases: Diseases take a heavy toll of various crops; about 7 percent of barley, 16 percent of corn, 24 percent of oats, and 15 percent of cotton. Through the more general use of resistant varieties, certified or disease-free seed, seed treatment, crop sanitation, and other control measures, much of this loss can be reduced. Extension forces are teaching these disease control practices

with renewed efforts. A 1952 survey indicates that 66 percent of the wheat, oats, barley and rye acreage in Minnesota and the Dakotas for example was sown with treated seed and resulted in better stands of healthier crops. For the detection of plant diseases, a Plant Disease Survey has been in operation for many years. It has now been improved and extended into a watch service with the object of discovering any unusual outbreaks of plant diseases as soon as they occur. In each state a qualified plant pathologist, often the extension specialist in plant pathology, has been designated to serve as the leader. Farmers are asked to report any unusual crop troubles to their county agricultural agents and they in turn refer important reports to the designated state survey leaders who identify the disease and initiate appropriate action. Similar services have been set up for insects and for animal diseases. Insect outbreak reports are channeled through state and Federal entomologists.

11. Progress in Insect Control: Insects and diseases are major problems of modern agriculture. The entire nation realizes this fact occasionally when boll weevils overrun the Cotton Belt, stem rust threatens the wheat crop, or a highly contagious and dangerous livestock disease breaks out in some section. Few people realize there are more than 30,000 plant diseases capable of causing tremendous damage, and insects annually cost the nation about four billion dollars worth of farm production.

The Extension Service played a major role in the safe, effective, and economical use of the chemicals applied. The newer organic insecticides, although highly effective in the control of many insect pests, have greatly complicated educational work in this field. It is vital now that consideration be given not only to the effectiveness of the chemical but also to the protection of the person making the application, the protection of the ultimate consumer of the product, and the protection of the crops and livestock upon which the chemical is being applied.

The 60 extension entomologists in the various states spent about 7,500 man-days in the field during 1951 assisting county agents and the general public with pest control problems. The complexity of this work can be appreciated better when it is realized that 30,000 proprietary insecticides have been registered for use and that approximately 6,500 different insect pests are involved.

12. Extension Poultry Husbandry: A meat-producing specialty the "Chicken of Tomorrow" has been added to the poultry industry and Extension workers have been active in guiding this development. In 1946 there were 275 million chickens grown on commercial broiler farms, while in 1951 there were 780 million birds raised which provided more than 2 billion pounds of poultry meat for the consuming public. To do this job American farmers took mass production methods and technical improvements and applied them to the poultry industry. According to a recent survey 67 percent of all commercial broilers raised in 1951 carried the blood lines of superior strains developed as a result of state and National contests. It now takes 3 pounds of feed to produce

a pound of chicken meat where formerly it took four. A three pound chicken can now be grown in ten weeks instead of twelve weeks as heretofore. Such improvements have resulted in a profit margin for the poultry industry and cheaper meat for the consumer.

13. Livestock Production: With the present demand for livestock products Extension is devoting increased attention to livestock production. This demand has continued strong and steady, influenced by population growth, continued defense production, and military activities, with national income favorable to increasing meat consumption in the diet of American families. The decreasing farm labor supply available for other types of agricultural production and new techniques in obtaining the best returns from grasslands, have also influenced farmers to shift from cash crops to livestock production. With the increased emphasis on grasslands in soil conservation programs, livestock is the only means of converting the increased pasture and forage production to food and economic wealth.

14. Use and Conservation of Water: Increasing attention is being focused on water problems as a result of destructive floods in 1951 and extensive drought damage in both 1951 and 1952. Slowly, the Nation is learning that wise use and conservation of water are just as important to agricultural production as are wise use and conservation of land.

In 1951 Extension workers helped more than 55,000 farmers in 1,639 counties with irrigation problems. One of the most effective methods used was the field demonstration where modern equipment and modern practices could be shown. In some cases these demonstrations were combined with a farm tour during which good cropping practices, modern irrigation equipment, and better farm planning were stressed.

In some States the need for better conservation of the water supply was stressed. In several of the large pump irrigation areas the ground water is lowering at an alarming rate. In the Texas High Plains more than 9,000 wells represent an investment estimated at $50,000,000. Here the emphasis has been on conservation of the supply by better application methods.

Extension agents and specialists have assisted many farmers in the South and East in the selection of proper irrigation equipment and have advised many others regarding the feasibility of employing irrigation under circumstances existing on their individual farms. Many costly mistakes were avoided by counsel and advice given by irrigation specialists.

15. Cotton: To meet defense needs, United States farmers produced more than 50 percent more cotton in 1951 than in 1950, and as a result of increased mechanization did it with considerably less labor. Last year, 15 percent of the cotton crop was harvested mechanically. It is expected that this method of harvesting will increase and that the cotton crop will be more fully mechanized during the next few years.

Each year the cotton crop is harvested rougher and with more trash than the year before. This fact complicates and increases the drying, cleaning, and ginning problems. The volume of clean, hand-picked cotton has become smaller each year.

Imperfections in ginning machinery and operating practices cause what is known as rough preparation, which lowers the quality and value of cotton an average of $10 a bale. From 1939-1946, rough preparation averaged 7.1 percent, while from 1947-51 it averaged only 2.6 percent. Extension's cotton grade improvement program has been directly responsible for this reduction in rough preparation--a reduction which brings cotton growers an extra $5,000,000 or more each year.

The Extension Service has worked with the U.S. Department of Agriculture Cotton Ginning Laboratories to bring about the quickest possible adoption of new machinery and new methods at commercial gins. Seed cotton driers which add $1 to $5 to the value of ginned lint were standard equipment in 6,000 cotton gins or about 75 percent of the total active in 1951. It is estimated that gins equipped with seed driers processed at least 90 percent of the total cotton crop which increased the value of lint $30,000,000.

Ginning specialists and county agents assist ginners in selecting proper equipment to produce high-test grades in each of the areas of cotton production. County agents in 454 cotton-producing counties gave assistance to ginners operating 5,362 gin stands in 1951.

During the year, Extension sponsored many meetings throughout the Cotton Belt to give farmers information on mechanization, defoliation, harvesting, and ginning for higher returns. Extension has supplied leadership in the fire prevention phase of the cotton improvement program from producer to consumer. Continuous efforts by extension workers to reduce cotton gin accidents have resulted in the installation of belt guards and other safety devices. As a result of extension efforts to reduce rolling, big-ended, and over-weight bales, ginners have become conscious of losses from this source and are correcting this trouble.

16. Grasslands are Gold: Fifty percent of the land area of the United States or approximately a billion acres, is devoted to grass. Improvement in the grasslands of the nation as a basis for balancing livestock and crop farming has been one of the most universally accepted efforts ever engaged in by the Extension staff. The plan is to encourage farmers to fit grasslands into a long-time system of sound farming in such a manner that not only ample food will be produced but the nation will be strengthened through profitable balanced farming and the land and water resources will be conserved for future generations.

Although the extension program over the years has included activities concerned with various phases of pasture and forage improvement, the impetus under the cooperative grassland movement in 1951 brought out some corroborative trends. County agents were assisted by nearly

75,000 local leaders or committeemen in grasslands work. With the help of these leaders and extension specialists, nearly 497,000 farmers were assisted in grassland improvement such as obtaining improved varieties or strains of seeds; 471,000 were assisted in the use of lime; and 655,000 in the use of fertilizer. In addition, 39,000 were given help in controlling plant diseases, 76,000 in controlling insects, and 266,000 in controlling noxious weeds. Man-days of work devoted to aiding farmers with grassland improvement include over 76,000 by county agents, nearly 4,300 by State specialists, and nearly 2,900 by 4-H Club agents.

17. Foods and Nutrition: The strength of a nation lies in the good health of its citizens. Proper and adequate food is basic to good health. These facts are the basis of Extension's work in foods and nutrition. The general objectives are to help families understand the relation of food to health, to teach good food habits, and to teach selection of food for an adequate diet. 1,500,000 families were assisted with food production, food preparation, freezing and canning and economical buying of food; 300,000 4-H boys and girls learned to select, cook, can, or freeze foods.

18. Parent and Family Life Education: Parent and family life education helps families meet the tension and problems of American life that tend to disrupt human relations and make growing up difficult for children. In the past few years increased research has provided scientific information on the causes, prevention and correction of many human difficulties. This has been interpreted and made available for state and county extension workers and local leaders, by the Federal and 28 state family life specialists. The Mid-Century White House Conference on Children and Youth, and the Extension conference which followed, stepped up the work in this field. Special attention has been given to work with 4-H Club members and members of Young Men and Women's Clubs.

The number of men, women, boys, and girls participating in family life and child development work has been increasing rapidly during the last few years. In 1951 the totals were: adult, 333,000; 4-H 23,000. The adults indicated they were parents of 544,000 children.

19. Home Management: Many homemakers are finding they can take much of their drudgery from household tasks by using their minds and bodies efficiently and by choosing their tools wisely. During the year, extension helped 614,606 families with improving housekeeping methods; 100,798 with laundry management, 317,651 with time management; 79,200 with financial planning and home accounts; 79,000 4-H boys and girls completed home management projects.

20. Family Economics: As a result of programs conducted to assist families with home business affairs, 273,000 families were assisted with household supplies buying; 644,476 used timely economic information in making family living adjustments; 68,500 added to their income through home industries; 1,090,913 families were assisted with consumer buying.

21. Outlook Work: Outlook and economic information programs are well established in most States. Annual outlook statements are supplemented by current releases throughout the year. Liberal use is made of press and radio to give outlook a broader coverage. There is also a growing need for quickly informing farm people of various governmental provisions concerning them, such as price controls, wage stabilization, income tax, social security, etc. Explaining the needs and purposes of such legislation, and helping to interpret and apply it is an important contribution of this program.

22. Farm Planning Pays: Extension is actively engaged in helping farmers do a better job of business planning, helping them make wise management decisions based on a knowledge and understanding of all the factors involved and applying the advances in technology to the everyday operations of the farm. The purpose of this work is to place each farm on a sound economic base.

23. Public Policy: Many local problems are of a public nature which require group action to obtain the services desired and to make the best use of community resources. The role of the Extension Service in this area is one of guiding discussion of controversial issues, supplying factual information that should be considered, and in general helping people to better understand the situation, appraise their choices for action, and formulate programs to effectively deal with such problems as schools, roads, health facilities, taxation, and other local governmental problems.

24. Farmer Cooperatives: Extension helped farm people better understand the functioning of cooperatives in their communities and in the nation; furnished information and assistance in analyzing situations in connection with groups considering organizing cooperatives; and provided educational assistance to groups wishing to proceed with organizing cooperatives to get them started on a sound basis and to provide an understanding of the possibilities and limitations of the cooperatives on the part of the farm people involved. Last year more than 1,000 groups wishing to organize cooperatives were given educational assistance. In addition, more than 9,000 operating cooperatives were assisted.

25. Marketing: To stay in business, the farmer must not only produce; he must also sell what he produces at a profit. Thus the field of marketing is of major concern to the farm family.

Adoption of better marketing practices is improving the quality of farm products offered to the consumer. As an example, 12 states are carrying on programs to improve the marketing of sweet corn. Through the adoption of packages which hold a refrigerant, premiums for this more nearly "garden fresh" product of five to ten cents per dozen have been received by farmers.

26. Milk Marketing Orders and Pricing: In most States where Milk Marketing Orders are in operation, the extension economist provides unbiased factual information for hearings and at other times explains the operation and pricing procedure to producers. For example, in

Connecticut three changes in the price of Class I milk occurred during 1951. Extension economists took an active part in the discussions and hearings preceding these changes, emphasizing the principles which determine the limits of Class I prices that can be maintained over the long run. Work simplification in receiving milk at milk plants was stressed in Indiana. In one plant the receiving crew was reduced from three men to one man with net annual savings of about $3,000. The change paid for itself in six days.

27. Grain and Hay Marketing: Grain and hay crops constitute an important volume of farm marketings. In 1951 county extension agents conducted marketing educational work in 1,454 counties. These programs involved over five thousand days work by the agents and 306 days of State specialists' time. Grain marketing activities of State and county extension services include grading schools for producers and county dealers, work with producers, elevators and dealers on proper storage, insect and rodent control, business management and efficiency in local elevator operation.

28. Personnel Training: The kind, quality, and amount of service which the 12,500 State and county extension workers render rural people is influenced by the kind of training which precedes and follows their induction in Extension work. The improvement of extension personnel through training involves three lines of activities:

1. Pre-service training primarily the responsibility of academic institutions with the assistance and guidance of Extension Service.

2. In-service training - vestibule and on-the-job training through short courses, workshops, clinics, seminars, etc.

3. Graduate study - advanced training of extension workers being groomed for more responsible assignments.

One of the five regional three-week short courses for extension workers is held each year at Prairie View, Texas. The short course held June 2-21, 1952, was attended by 70 Negro extension workers from the States of Texas, Arkansas, Oklahoma, Louisiana, Mississippi, Georgia and Virginia.

29. National Garden Preservation: A National Garden and Home Food Preservation Program was organized in 1951. According to a nationwide survey, there were about 17,000,000 home gardens during the year, which would appear to be an increase of 3 to 3½ million gardens over 1950.

In 1952, under the leadership of the Federal and State extension services, the same program is being continued. As a result of the strong nation wide publicity and educational program, a still further increase in gardening and preserving is expected.

(b) Salaries and Expenses

Appropriation Act, 1953		$905,000
Reductions pursuant to:		
Section 411	$34	
Section 412	5,538	-5,572
Adjusted appropriation, 1953, and base for 1954		899,428
Budget Estimate, 1954		1,030,000
Increase (to strengthen essential national leadership and participation by the Department in the nationwide cooperative extension program)		+130,572

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 (estimated)
1. General administration and business service:				
National leadership and direction of extension program	$57,150	$44,682	+$74,388	$119,070
Business services	153,158	147,565	+5,572	153,137
2. Review and analysis of State budgets, projects, and plans, and examination of State expenditures from Federal payments	38,549	44,729	- -	44,729
3. Planning and coordination of State and county extension work	155,685	165,994	+50,612	216,606
4. Development of technical subject matter for use by State extension forces	150,471	151,383	- -	151,383
5. Field studies of extension work, and the training of extension workers	98,435	98,702	- -	98,702
6. Preparation and distribution of visual material and extension literature to Department and State extension forces	150,316	153,436	- -	153,436
7. Program development and coordination of extension agricultural economics	87,726	92,937	- -	92,937
Unobligated balance	16,510	- -	- -	- -
Total available or estimate	908,000	899,428	+130,572(1)	1,030,000
Reductions pursuant to:				
Section 411	- -	+34		
Section 412	- -	+5,538		
Total appropriation or estimate	908,000	905,000		

INCREASE

(1) An increase of $130,572 to strengthen essential national leadership and participation by the Department in the nationwide cooperative extension program.

Need for Increase: The Extension Service, as the educational arm of the Department, is charged with the responsibility of getting into practical use on the farms and in the homes, the results of research and advancing technology emanating from the extensive and increasing research programs of the Department and other sources of developing and maintaining a thorough understanding on the part of farm people of the Department's various operating programs of direct significance to them; and assisting in a major way in the orientation of farming operations and production throughout the nation with production and conservation needs. These responsibilities are continuously becoming more important and significant.

The Federal Extension Service performs coordinating, supervisory, and leadership functions for the total cooperative extension service involving the work of approximately 12,600 State and county employees and a total budget of approximately $80,000,000 in 1953. The functions of this Service are strategically most important in maintaining the operations of the entire system as an integrated unit on an efficient, modern, and productive basis. The form of organization and manpower of the Federal Extension Service has not kept pace with the problems at hand and the growth of the Service in the States. The increase proposed is essential to permit a reorganization of the Federal Extension Service which will strengthen the national leadership in the cooperative program and to improve the administration, coordination and effectiveness of extension work. The following facts demonstrate the urgency for doing so.

The United States has a rapidly increasing population, and relatively limited areas of additional land which can profitably be used for intensive agricultural production. The only other available means of meeting these expanding needs is through more widespread and effective application of scientific farming practices as revealed by research. This necessitates that all farmers be made aware of applicable research findings and practical application thereof to their own local farm situations. Likewise farmers need advice on ways and means through which their agricultural production can be harvested, stored where necessary, and marketed in such ways as will result in the maximum conservation of these products and their most efficient delivery to the consumer. Technology changes almost daily and an aggressive extension educational program is necessary to keep farmers abreast of these changes. The highly dynamic nature of the nation's economy results in many other types of problems and essential adjustments for which the Extension Service has an obligation to render educational assistance. To perform this highly important function of assisting farm people, through education, to be effectively aware of the constantly changing conditions demanding the application of new technology, the Extension Service program is conducted in the 48 States, Alaska, Hawaii, and Puerto Rico.

Thus with the very broad and diversified program involved, the problems of effective leadership, adequate supervision, effective liaison and integration of the educational program with the research and action programs of the Department are of tremendous scope and importance. More adequate liaison between the Federal Director of Extension and other agencies of the Department, on the one hand, and the State Extension Services on the other, are essential for the full and effective coordination of program objectives vital to the Department with the educational programs of the Extension Service. Personal, high-level liaison permitting across the table discussions between representatives of the Director of Extension and the 51 State and Territorial Extension Services, is essential to keep activities in balance and the educational effort attuned to latest research findings and departmental programs. Without such effective liaison and leadership, misunderstandings due to lack of factual information can hardly be avoided and the Extension Service, as the educational arm of the Department, cannot operate at peak efficiency and effectiveness.

These same factors make necessary strong leadership in the Extension Service in the program field. The rapidly expanding body of research information must be furnished the States and counties promptly if it is to be effectively used; methods of getting this information to farm people and of assisting them to make effective use of it must be constantly evaluated and more efficient methods developed wherever possible; program content must be adjusted to keep pace with changing problems and requirements; coordination of all functioning elements in the program field must be maintained and further developed wherever possible to insure maximum effectiveness. A proper balance must be maintained in the allocation of extension resources and efforts between the needs of 4-H Club age youth, the needs of farmers and the needs of homemakers.

Another measure of the present inadequacy of the Federal Extension Service resources is shown by the following comparison: In fiscal year 1952 the total extension budget for the States and Territories amounted to $79,999,104 of which $32,090,980 (40%) was provided by the Federal Government and $47,908,124 (60%) by the cooperative State and local sources. This represents a total increase of 111% compared with fiscal year 1945. The staff employed in and by the States and local interests numbered approximately 12,600 in 1952 (administrative personnel, extension specialists, county agents, home demonstration agents, and 4-H Club leaders) an increase of approximately 35% over 1945. On the other hand the staff of the Federal Extension Service has decreased. See Exhibits A and B attached.

Plan of Work: To maintain State and national extension programs on an effective and productive basis fully coordinated with other agricultural programs the following are urgently needed:

Four experienced and highly capable field representatives to:

(a) serve as liaison between the Director of Extension Work and State extension directors on administration, organization, policy, and relationships;

(b) maintain close and effective working relationships between the Extension Service and agencies of the Department;

(c) maintain such relationships with other agencies of Government whose operations are of direct significance to farm people.

One Assistant to the Director - to aid the Director's office and to represent it when necessary in inter-agency planning and program development conferences and to handle general administrative problems as assigned by the Director.

One Assistant Director - to be in charge of all program divisions, to guide and coordinate programs from the planning stage through operation, evaluation, and adjustment.

Three leaders, under the Assistant Director for Programs; one to be in charge of each major phase of program activities as follows:

(a) General Agriculture

(b) 4-H Club

(c) Home economics

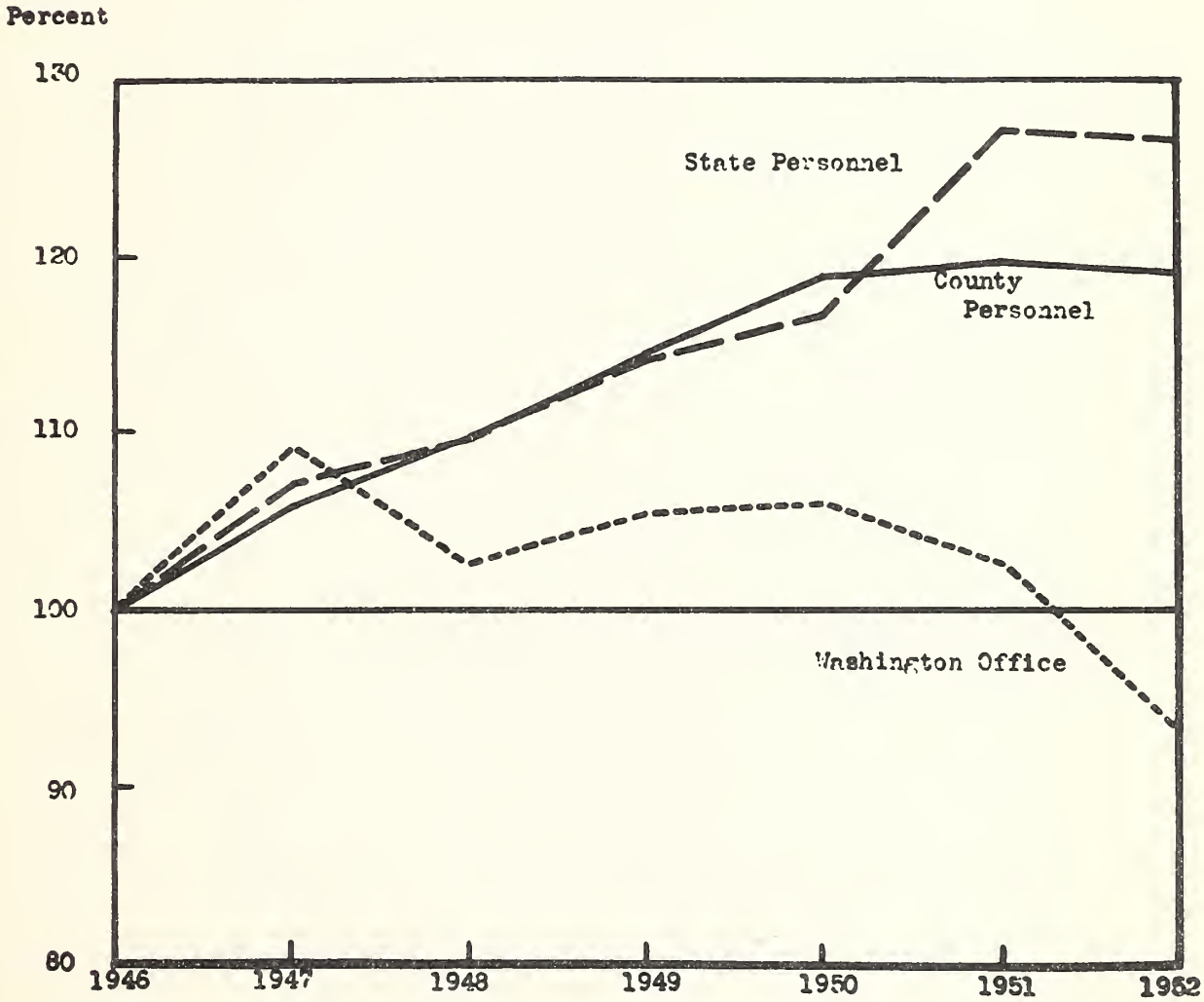
One Negro Leader - for the Federal office to work with the 837 State and county negro extension agents employed in 16 States.

This leadership is of vital importance to provide the necessary guidance in the nation-wide program, to insure programs being rapidly adjusted as appropriate to meet changing conditions, to provide for necessary coordination of effort, and to insure the most efficient efforts possible from the use of resources available. Also with the addition of this personnel, members of the current technical staff will be in a position to use a higher proportion of their time on truly productive work by doing more essential field work and preparing more educational materials needed in carrying out extension programs.

(A)

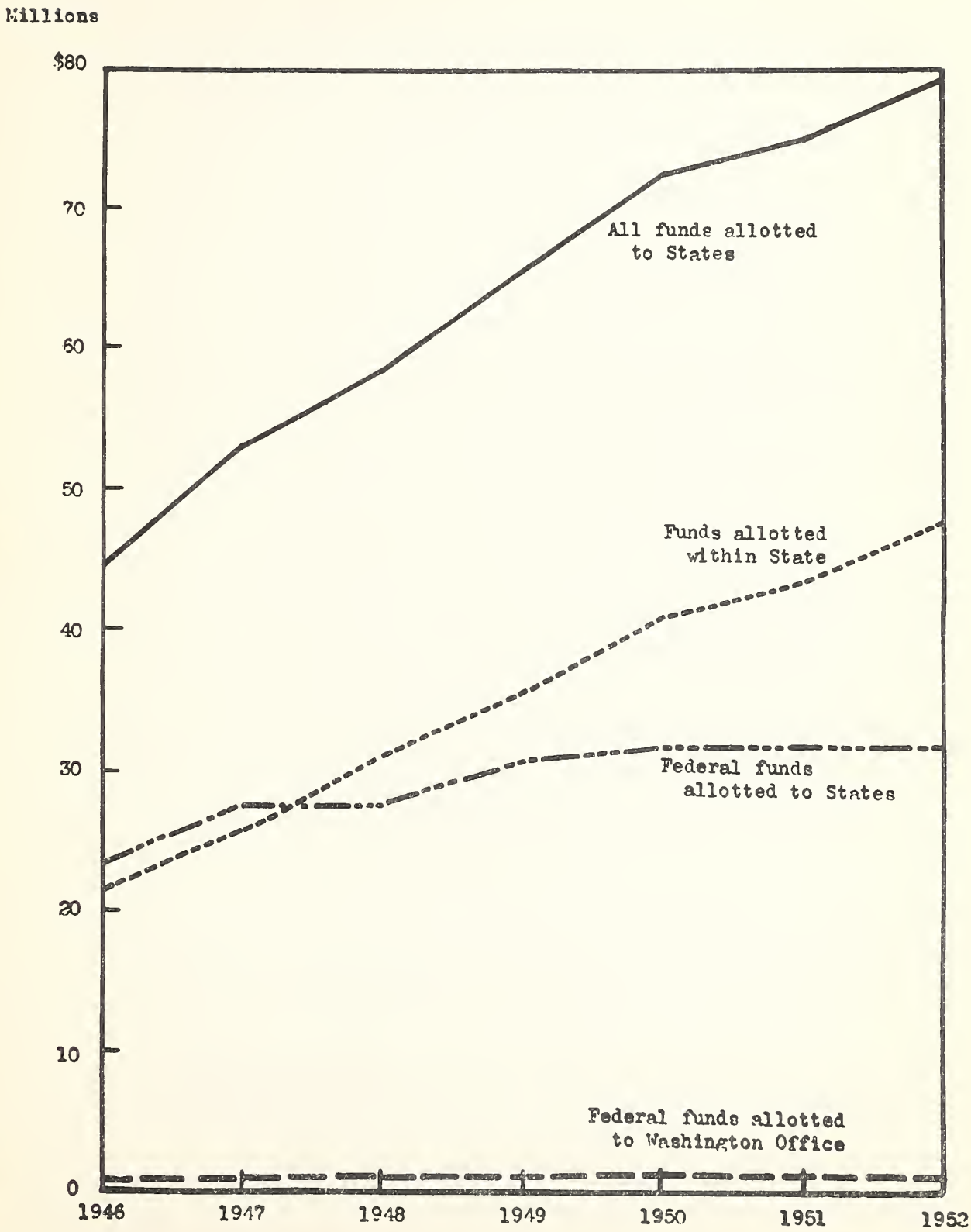
Percentage Change In Extension Personnel
1946 - 1952

1946 = 100%



(B)

Funds Allotted For Extension Work
1946 - 1952



STATUS OF PROGRAM

1. General: The Federal Extension Service represents the Department in the administration, through the State agricultural colleges, of the nationwide system of cooperative extension work, and is responsible for providing leadership in the formulation of extension policy, programs and procedures in the States. It is responsible for handling relationships among the States and Territorial Extension Services, and the various agencies of the Department of Agriculture for which Extension serves as the educational outlet. It administers the various Acts of Congress relating to extension work; analyzes budgets, programs and plans of work; inspects the accounts of the various State and Territorial Extension Services; performs general supervision of the work of the field staff which centers in and clears through the Federal Extension Service; channels to State subject matter specialists, and through them to the county workers, the results of research of the Department and other agencies; conducts field studies and personnel training activities to make extension work more effective; disseminates educational material to the 12,600 technical extension workers to keep them informed of major shifts in agricultural needs, policies and programs, research results, outlook and other information they can use to help farmers attain needed production in spite of labor and material shortages.

2. Planning, Coordination and Leadership: Federal extension leaders give counsel, training, and guidance to State and county extension workers in developing and directing programs based on agricultural and homemaking problems recognized by local people. Thousands of local voluntary leaders are necessary to insure maximum effectiveness of extension programs and assistance is given the States in developing training programs for these local leaders. Through intrastate counseling, conferences, workshops and other means, State administrators of extension work were given advice and suggestions on budgets, programs, personnel, and public relations. A successful administrative workshop for 20 Extension directors was held during the past year. Every angle of Extension administration was studied and discussed and a number of problems resolved.

   About 200 outstanding older 4-H members, both boys and girls from all the States and 2 Territories attended the 22nd National 4-H Club Camp. A national training conference for State 4-H Club leaders was held in conjunction with the Camp. A regional 4-H Club Camp for negro boys and girls was held with excellent results.

3. Technical Subject-Matter in Agriculture is developed by a staff of 13 subject-matter specialists in agriculture and home economics who are responsible for providing essential technical material and so organizing it that it can be used effectively by State extension workers. Subjects covered are animal husbandry, poultry, meat technology, agronomy, forestry, soil conservation, dairying, horticulture, entomology, plant pathology, agricultural engineering, cotton ginning, and rural electrification. These specialists work

through and with 1250 State subject matter specialists in conducting educational activities. They not only carry information from the Department to the States, but also bring back from the States to the Department, suggestions for dealing with problems that arise and for additional information and research needed. They participate in State, regional or national technical or training meetings or conferences; they cooperate with industry in conducting broad national programs in cooperation with other divisions and agencies and prepare bulletins and releases, materials for use in slide films, and other visual aids, and take part in radio and television programs.

4. Federal Home Economics Specialists in food and nutrition, clothing, parent and family life education, home management, and family economics, gave guidance and leadership to the 300 specialists employed by State Extension Services. Assistance was given these specialists in developing programs and by supplying information to help solve problems relating to situations such as: the inadequacy of diets, better nutrition for the pre-school child; the use of new man-made fibers that are being combined with silk, wool, cotton and linen; the selection, care and repair of clothing; guidance needed in family relations as a result of mental tensions being caused by current national and international affairs; the relation of savings, credit, buying practices, home production, taxes, hoarding, planning and record keeping to individual and national financial security; the simplification of house work to release time for farm work; the lack of bathrooms and running water in the majority of farm homes, and the assistance with house planning and remodeling, installation and choice of utilities.

5. Improving Extension through Field Studies and Personnel Training:

The State Extension Services are assisted in the evaluation of extension work and in the training of extension personnel through study of the effectiveness of extension programs, procedures, administration, supervision, and teaching methods; and through planning and conducting a variety of personnel training activities. The raising of standards of teaching, improving administration and supervision, increasing efficiency of operations, and pushing total accomplishments higher and higher are brought about gradually and are cumulative. The potentialities of sustained effort along these lines are almost limitless.

The extension studies which are promoted in the various States and carried on directly by Federal staff members in cooperation with State workers may be grouped logically as follows:

1. Administrative organization and management.
2. Program planning procedures--agricultural, home demonstration, and 4-H.
3. Organization of rural people for extension teaching, including the development of lay leaders.
4. Effectiveness and extent of participation in agricultural, home demonstration, and 4-H programs.
5. Teaching methods and activities, including radio, press, meetings, demonstrations, visits, calls, etc.

6. Personnel training needs and procedures.
7. Cultural factors and social patterns which influence and help to explain the reactions of rural people to extension programs and teaching activities (considered in relation to each problem study.)

During the year 15 studies were completed and 11 were underway at the end of the year. Personnel in 22 States were assisted directly with studies and other evaluation activities. Summer schools were also held to give advanced training to extension workers.

6. Extension Information: The information specialists in the Federal office take the lead in developing and improving information programs, in training State and county workers in use of news, radio, publications, visual aids, and other mass educational outlets, and in supplying educational material and teaching aids from the Department for local extension use.

Extension workers are kept informed of better information methods, and effective ideas are exchanged. Cooperators in other agencies are helped to understand various programs through the Extension Service Review, monthly extension house organ, and through other means.

7. Agricultural Economics and Rural Life Programs: Extension economists provide leadership for the development of educational programs in the field of marketing, agricultural economics, rural health, and community improvement. Improving the field work of State and county extension workers by training in better methods and interpretation of research results is the primary objective.

During the past year educational efforts were intensified on farm planning, interpretation of economic information, labor utilization, and economic affairs at four conferences of State economists under the guidance of extension economists. At four other conferences they were directed in the preparation of regional farmers' bulletins relative to income tax requirements.

Additional training for more effective educational work in marketing was provided for 138 State marketing specialists at workshops in the Northeast, North Central, and Southern regions.

(c) Bankhead-Jones Act, Section 23, Title II (Act of June 29, 1935) as amended by the Act of June 6, 1945

Allotment, 1953	$250,000
Reduction pursuant to Section 412	-3,173
Base for 1954	246,827
Budget Estimate, 1954	250,000
Increase (To round off estimate to the amount authorized by Section 23, Title II of the Bankhead-Jones Act)	+3,173

PROJECT STATEMENT

Project	1952	1953 (estimated)	1954 (estimated)
Federal administration under Bankhead-Jones Act, section 23, title II	$236,593	$246,827	$250,000
Unobligated balance	13,407	- -	- -
Reduction pursuant to Section 412.	- -	+3,173	- -
Total allotment	250,000	250,000	250,000

Under Section 23, Title II of the Bankhead-Jones Act (approved June 6, 1945), 2% of the amount appropriated thereunder is available for expenses of the Federal Extension Service. The Budget estimates for fiscal year 1954 include an amount of $12,500,000 for this Act of which the amount required for the Federal Extension Service is $250,000.

The Status of Program as discussed under the appropriation "Administration and Coordination of Extension Work" also applies to the work under this allotment. In addition, the funds are being used to expand and improve 4-H Club work with rural boys and girls, and work with older out-of-school youth; to develop more effective programs in nutrition, food conservation, and homemaking; to promote more efficient marketing and distribution of farm products; and to organize effective activities in connection with problems of rural health.

(d) Cooperative Agricultural Extension Work
(Permanent Annual Smith-Lever Appropriation)

Permanent appropriation, 1953	$4,711,200
Budget Estimate, 1954	4,711,200

PROJECT STATEMENT

Project	1952	1953 (estimated)	1954 (estimated)
Payments to States, Hawaii and Puerto Rico for cooperative agricultural extension work (Smith-Lever Act)	$4,711,200	$4,711,200	$4,711,200

This permanent specific appropriation for cooperative agricultural extension work was provided for under the Smith-Lever Act, approved May 8, 1914 (7 U.S.C. 341-343, 344-348), as amended by the extension of this Act to the Territory of Hawaii by the Act of May 16, 1928 (7 U.S.C. 386-386b) and to Puerto Rico by the Act of March 4, 1931 (7 U.S.C. 386d-386f). Under the provisions of these Acts $10,000 is appropriated annually to each State, Hawaii, and Puerto Rico without requirement of State or Territorial offset, and the remainder of the appropriation is distributed on the basis of rural population. The Smith-Lever Act is the basic act under which cooperative extension work is conducted by the Department and State colleges of agriculture. The general statement for cooperative extension work applies also to the work performed under this appropriation.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Agricultural Marketing Act, Agriculture (Extension Service):			
Primarily allotments to States for marketing service activities	$580,965	$602,200	$635,000
State and Private Forestry Cooperation, Forest Service (Extension Service):			
For cooperation with States for extension activities in developing farm forestry	102,673	107,543	107,835
Conservation and Use of Agricultural Land Resources, Production and Marketing Administration (Extention Service):			
For payments to the applicable States, for technical assistance to expedite rehabilitation in flood-stricken areas	162,593	- -	- -
Local Administration, Section 388, Agricultural Adjustment Act of 1938, Agriculture (Extension Service):			
To provide for the technical assistance to State and county PMA committees in connection with the agricultural conservation program in Alaska	- -	2,900	4,500
Administrative expenses, Section 392, Agricultural Adjustment Act of 1938 (Extension Service):			
To provide technical assistance in connection with the agricultural conservation program in Alaska	900	800	800

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Flood Prevention, Agriculture (Extension Service):			
To provide technical assistance in connection with planning the agricultural phases in the development of the general basin investigations programs..	4,881	7,418	14,000
Working Funds, Agriculture, Extension Service, Advanced from Department of Defense, Department of the Navy:			
To conduct studies in the field of training with special reference to investigating the characteristics, methods, and effectiveness of instructors and training officers	2,373	- -	- -
Working Funds, Agriculture, General (Extension Service):			
Advanced from:			
Department of State:			
To provide technical assistance in connection with the training of foreign leaders in extension work	37	21,100	- -
Atomic Energy Commission:			
For expenses incident to the relocation of farmers from areas to be occupied by the Savannah River plant of the Atomic Energy Commission	1,525	- -	- -
Total, Working Funds, General	1,562	21,100	- -
Miscellaneous Contributed Funds, Department of Agriculture (Extension Service)(Trust Fund):			
For contributions toward cooperative work with Land-Grant colleges on appropriate in-service training activities through summer-session courses for extension workers	1,540	2,000	2,000

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
For contribution toward a cooperative study to evaluate progress and effectiveness of the International Farm Youth Exchange Program..	- -	5,600	- -
For contribution toward the services of a Coordinator of the educational aspects of the International Farm Youth Exchange Program	- -	6,500	- -
Total, Miscellaneous Contributed Funds	1,540	14,100	2,000
Mutual Security, (Allocation to Agriculture)(Extension Service):			
For expenses incident to the foreign trainee program	97,788	67,525	- -
Obligations Under Reimbursements From Governmental and Other Sources:			
Payments to States	5,537	2,838	2,838
Salaries and expenses	17,638	8,359	100
Mutual Security (Allocation to Agriculture)(Extension Service)	369	- -	- -
Total	23,544	11,197	2,938
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS.....	978,819	834,783	767,073

OFFICE OF THE SECRETARY

Purpose Statement

The Department of Agriculture was established as an executive department by the Act of May 15, 1862. The Secretary of Agriculture, assisted by the Under Secretary, the Assistant Secretary, and members of their immediate staff, directs the work of the Department, formulates and develops policy, integrates the several programs of the Department, maintains departmental relationships with agricultural organizations and others in the development of farm programs, coordinates Department programs in the several river basins, renders administrative decisions in regulatory proceedings pertinent to Department programs, and maintains close liaison with members of Congress on all matters pertaining to legislation and policy in order to insure effective performance of the agricultural programs.

The following offices assist the Secretary and his immediate staff in the discharge of specific departmental functions:

THE OFFICE OF PERSONNEL was established by order of the Secretary on June 1, 1934. It serves as a staff agency of the Secretary having responsibility for the personnel management program of the Department. This program includes classification, job evaluation, salary and wage administration, hours of duty, recruitment, placement, retirement, separations, leave, employee relations, training, safety, organization, incentive and awards programs, investigations and health. The Office has responsibility for the development of personnel policy for the Department, and for executing and interpreting the intent and policies expressed in over 200 laws, various executive orders, and the rules, regulations, policies and decisions of the several agencies of the Government in the field of personnel management. In carrying out these responsibilities, the Office delegates substantial authority to agencies within the Department for the operational phases of the appointment, classification and disciplinary activities. Policy and basic procedures developed by the Office are carried out through agency personnel offices. In addition to the continuous day to day contacts on specific problems, the office conducts a systematic and periodic review to insure unification of the personnel management program and to measure its effectiveness and how well it serves the agencies' personnel management requirements.

THE OFFICE OF BUDGET AND FINANCE was established by order of the Secretary on June 1, 1934. It serves as a staff agency of the Secretary in carrying out departmental functions relating to over-all administration of the budgetary, procurement, and fiscal affairs of the Department. It has responsibility for providing leadership and coordination of these activities throughout the Department, including the acquisition and distribution of funds; accounting; auditing; budgetary and financial reporting; organization and management of budget, fiscal, and procurement activities; purchasing, warehousing, utilization and disposal of administrative and operating supplies and equipment; and related activities. It coordinates, in the field, the activities of Area Agricultural Equipment Committees to insure maximum effective utilization of administrative supplies and equipment owned and procured by the Department.

The Office also has responsibility for formulating and promulgating departmental policies and procedures relating to the above functions, including the review and evaluation of program and legislative proposals for budgetary, financial, and related implications, and, in cooperation with staff and program agencies, for obtaining improvements in the management and operation of work programs administered by the Department. The Office acts as Department liaison on all such matters with the Bureau of the Budget, General Services Administration, General Accounting Office, Treasury Department, and others. It also provides liaison with Congressional Committees on Appropriations and with the House Committee on Agriculture.

THE OFFICE OF PLANT AND OPERATIONS was established by Secretarial order March 1, 1939. It exercises general direction of the housing of the Department's activities, including technical services incident to the design and approval of construction projects related thereto, contractual authority as it pertains to the leasing of commercial space and all matters concerned with the disposition of surplus real property; exercises general responsibility for the planning and development of the records management programs of the Department; provides certain technical and engineering advisory services pertaining to the acquisition, utilization, and maintenance of automotive, heavy, scientific, and photographic and other reproduction equipment; exercises general coordination of automotive repair shop, equipment depot, and cartographic, photogrammetric and photographic laboratory activities in order to derive the most effective use of these facilities, and plans or reviews proposals for the establishment of such Departmental facilities; and technical operations in connection with mapping projects; including approval of aerial photographic survey projects, and all planimetric, topographic, cadastral, and mosaic mapping projects in excess of sixty square miles. The Office serves as Department liaison with other Government agencies on matters pertaining to its functions.

The Office performs administrative service functions for the Office of the Secretary and also operates certain Departmental services in the District of Columbia, including telephone, telegraph, photographic, duplicating, addressing and mailing, central storage and distribution of supplies and forms, motor transport service and the Departmental post office.

THE OFFICE OF HEARING EXAMINERS was established by the Secretary December 9, 1946, to carry out the provisions of the Administrative Procedure Act relating to the holding of hearings (5 U.S.C. 1006, 1010). Hearings are held in connection with prescribing of new regulations and orders, and on disciplinary complaints filed by the Department, or on petitions filed by private parties asking relief from some action of the Department.

In general, the examiners make reports, recommend decisions, and perform such related duties as are required by the Administrative Procedure Act, and statutory provisions, regulations, and rules of practice applicable to their work.

On November 30, 1952, employment in the staff offices comprising the Office of the Secretary consisted of 529 employees, 511 of whom were in Washington and 18 in the field.

	Appropriated, 1953	Revised Budget Estimate, 1954
Direct appropriation	$2,227,133	~~$2,273,000~~ $2,188,000

(a) Salaries and Expenses

Appropriation Act, 1953		$2,230,000
Reduction pursuant to Section 412		-2,867
Transfers from other appropriations (shown in detail in project statement below)		108,830
Base for 1954		2,335,963
Revised Budget Estimate, 1954:		
Direct appropriation	$2,188,000	
Transfers, 1954, from other appropriations (shown in detail in project statement below)	101,280	
Total available, 1954		2,289,280
Decrease		-46,683

SUMMARY OF INCREASES AND DECREASES, 1954

Decrease in personnel administration and service	-13,024
Decrease in budgetary and financial administration and service	-15,109
Decrease in general operations	-17,000
For increased salary costs due to the reclassification of the Hearing Examiners, and for increased travel costs	+6,000
Decrease in transfer from "Flood Prevention" appropriation	-7,850
Adjustment in transfer from "Administrative expenses, Commodity Credit Corporation"	+300

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
1. General administration	$518,976	$520,653	-$7,550(1)	$513,103
2. Personnel administration and service	530,233	535,633	-13,024(2)	522,609
3. Budgetary and financial administration and service	681,320	740,212	-15,109(3)	725,103
4. General operations	467,494	472,223	-17,000(4)	455,223
5. Office of Hearing Examiners	67,084	67,242	+6,000(5)	73,242
Unobligated balance	17,933	- -	- -	- -
Total available	2,283,040	2,335,963	-46,683	2,289,280
Transferred from:				
"Administrative expenses, Commodity Credit Corporation"	-83,447	-83,980	-300	-84,280
"Flood Prevention, Agriculture"	-24,593	-24,850	+7,850	-17,000
Subtotal	2,175,000	2,227,133	-39,133	2,188,000
Reduction pursuant to Section 412	- -	+2,867		
Total appropriation or estimate	2,175,000	2,230,000		

INCREASES AND DECREASES

(1) General Administration - A net decrease of $7,550 under Project 1, composed of:

(a) Decrease of $7,850 in Flood Prevention work. (Transfer from Flood Prevention appropriation)

On April 1, 1953, the Secretary issued Department Memorandum No. 1325 which transferred to the Soil Conservation Service general responsibility for administration of work of the Department authorized under the Flood Control Act of 1936 as amended. The Memorandum also transferred to the Soil Conservation Service general responsibility for Department activities in connection with river basin investigations and the preparation of reports thereon. This change makes possible a reduction in the staff of the Office of the Secretary which has heretofore had general responsibility for flood prevention and basin investigation work. Accordingly, a decrease in the transfer from the flood prevention appropriation is proposed. Work will be carried on in SCS under over-all guidance of the Assistant Secretary, who will retain on his staff one assistant to aid in development of policy and in securing appropriate interdepartmental coordination of work related to these activities.

(b) Adjustment in transfer from "Administrative expenses, Commodity Credit Corporation."

(2) Personnel Administration and Service - A decrease of $13,024 under Project 2:

The reduction of $13,024 will eliminate two positions in the Classification and Organization and Personnel Management activities. These positions involve the allocation of jobs and preliminary work with the honor awards program, common service analysis, field review and other management activities. This work will be absorbed within the Office. Travel and miscellaneous expense funds will be decreased by $2,574.

(3) Budgetary and Financial Administration and Service - A decrease of $15,109 under Project 3:

The revised estimate represents a decrease of $15,109, or four positions as follows:

(a) Elimination of central leave records now maintained, for the entire office of the Secretary, in Division of Accounting and Audit of the Office of Budget and Finance. The maintenance of annual and sick leave records will be decentralized to points at which the time and attendance reports are being maintained. These records will be subject to periodic audit in order to assure their maintenance in accordance with prescribed regulations.

(b) Elimination of Departmental review of agency submissions to GAO of miscellaneous claims against the Government, primarily supplemental claims involving alleged error in original billings and those where information supporting the claims is insufficient to meet GAO requirements, and a redistribution to other employees of other phases of claims work.

(c) Reduction in messenger service by eliminating one messenger now employed in the Office.

(d) Reduction of one position engaged in work on fiscal methods and procedures, and reassignment of highest priority work to other staff members.

(4) General Operations - A decrease of $17,000 under Project 4:

It is proposed to eliminate two positions in the Office of Plant and Operations for the fiscal year 1954. One position is that of Cartographic Engineer, which had the responsibility of coordinating and approving mapping and aerial survey projects for the Department. The other position, Assistant to the Director, is being eliminated and the duties will be absorbed by other officials in the Director's Office. It is also proposed to effect a reduction in miscellaneous expenses by issuing the Department telephone directory three times yearly instead of publishing quarterly issues.

(5) Office of Hearing Examiners - An increase of $6,000 for increased salary costs due to the reclassification of the Hearing Examiner positions and for increased travel costs.

Need for Increase: The reclassification by the Civil Service Commission of the five Hearing Examiner positions increases their grades from GS 14 to GS 15. In this small staff of 5 examiners and 2 clerical assistants, it is not possible to rely on savings from turnover to help meet the expenses of the Office.

The Hearing Examiners conduct hearings which are required by the Administrative Procedure Act when called upon to do so by the administrative agencies of the Department or by private parties who demand relief from some act of the administrative agencies. The work largely arises under the Agricultural Marketing Agreement Act, the Packers and Stockyards Act, Perishable Agricultural Commodities Act, Commodity Exchange Act and the Sugar Act. Under the Agricultural Marketing Agreement Act, the Dairy Branch of the Department is proposing hearings on many milk orders, both on new orders and on amendments. The area in which these orders are operating or are under consideration has expanded to include areas in Texas, Oklahoma, Arkansas, and Washington. With the extension of these areas, the cost of holding hearings has greatly increased. It is also anticipated that a number of hearings on amendments to orders and new orders will be held on the Pacific Coast. Inasmuch as all of the hearings are held in the field, the expansion of the area of operation to such distant points as Texas, Oklahoma, and the Pacific Coast will necessarily increase the cost of travel.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For expenses of the Office of the Secretary of Agriculture, including the purchase of one passenger motor vehicle for
1 replacement [of the motor vehicle used by the Secretary with a comparable new model] <u>only</u>; * * * together with such amounts from other appropriations or authorizations as are provided in the schedules in the budget for the current fiscal year for such services and expenses, which several amounts or portions thereof, as may be determined by the
2 Secretary, not exceeding a total of [$109,280] <u>$101,280</u> * * *

<u>The first change</u> in language deletes the authority for replacing the Secretary's automobile with a comparable new model. The replacement was made in fiscal year 1953 and retention of the language is no longer necessary.

<u>The second change</u> in language proposes to decrease the amount which may be transferred to this appropriation from other appropriations, the need for which has been explained above in the explanation of increases and decreases.

(a) Salaries and Expenses

Appropriation Act, 1953		$2,230,000
Reduction pursuant to Section 412		-2,867
Transfers from other appropriations (shown in detail in project statement below)		108,830
Base for 1954		2,335,963
Budget Estimate, 1954:		
Direct appropriation	$2,273,000	
Transfers, 1954, from other appropriations (shown in detail in project statement below)	119,280	
Total available, 1954		2,392,280
Increase		+56,317

SUMMARY OF INCREASES, 1954

For a central management staff to undertake studies and provide leadership in the improvement of organization, procedures, and general management	+40,867
For increased salary costs due to the reclassification of the Hearing Examiner positions	+5,000
For additional assistance in developing and installing over-all balanced watershed improvement programs (transfer from Flood Prevention appropriation)	+10,150
Adjustment in transfer from "Administrative expenses, Commodity Credit Corporation"	+300

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increases	1954 (estimated)
1. General administration	$518,976	$520,653	+$51,317(1)	$571,970
2. Personnel administration and service	530,233	535,633	- -	535,633
3. Budgetary and financial administration and service	681,320	740,212	- -	740,212
4. General operations	467,494	472,223	- -	472,223
5. Office of Hearing Examiners	67,084	67,242	+5,000(2)	72,242
Unobligated balance	17,933	- -	- -	- -
Total available	2,283,040	2,335,963	+56,317	2,392,280
Transferred from:				
"Administrative expenses Commodity Credit Corporation"	-83,447	-83,980	-300	-84,280
"Flood Prevention, Agriculture"	-24,593	-24,850	-10,150	-35,000
Subtotal	2,175,000	2,227,133	+45,867	2,273,000
Reduction pursuant to Section 412	- -	+2,867		
Total appropriation or estimate	2,175,000	2,230,000		

(1) General Administration - An increase of $51,317 under Project 1, composed of:

(a) Increase of $40,867 to provide for a central management staff.

Need for Increase: There is an urgent need for a small central management staff in the Office of the Secretary. The Department should give increased attention to improvement of management and achievement of maximum efficiency in the administration of its programs. The work of the Hoover Commission, current attention to problems of reorganization and management of Federal agencies, and other developments have emphasized the need for greater attention to good management as a means of obtaining the greatest possible benefit from public expenditures.

Title X of Public Law 429, 81st Congress, and Executive Order 10072 of July 29, 1949, require Department heads to review the operations of their Departments to see that programs are administered with maximum efficiency and economy. A small management staff, such as that recommended by the Hoover Commission would aid materially in carrying out effectively this responsibility in the Department of Agriculture.

The basic task of such a staff would be to review the operations of the agencies of the Department to see that their programs are efficiently administered and that high standards of management are observed. The staff would conduct surveys and investigations of problem areas to determine where improvements in organization, coordination, planning, control, procedures, and other areas of general management could be made. The work of the staff would frequently be carried out through task forces having representation from Department agencies, as well as in close cooperation with the administrative staff offices.

At the present time, such work as can be done in this important area must necessarily be carried on by various members of the Secretary's staff in whatever time can be diverted from regular duties. This is obviously unsatisfactory, and maximum results cannot be effected unless responsibility can be centered in a small but competent group which gives continuing attention to improvement of management.

(b) Increase of $10,150 for additional assistance in Flood Prevention work. (Transfer from Flood Prevention appropriation)

Need for Increase: An increase is needed in the Flood Prevention transfer to provide necessary additional facilitating assistance in developing and installing over-all balanced watershed improvement programs through the coordinated efforts of several Department agencies.

The widespread need for watershed improvement is generally recognized. Provision is made under the Flood Prevention and other appropriation items for more rapid installation of improvement measures on the eleven

authorized watersheds. An effort is being made to bring installations in these watersheds up to program schedules. Similar work is to be initiated under the same appropriation items on seven other watersheds for which improvement programs have been developed. Surveys are underway or are to be undertaken to develop the flood prevention and comprehensive agricultural aspects of additional river basin developments. Estimates for these various kinds of work are made and the work would be carried on under various appropriation items and authorities in harmony with the provisions of watershed survey reports and the provisions and procedures of various national programs. The additional assistance will facilitate its accomplishment.

(c) Adjustment in transfer from "Administrative expenses, Commodity Credit Corporation."

(2) Office of Hearing Examiners - An increase of $5,000 for increased salary costs due to the reclassification of the Hearing Examiner positions.

Need for Increase: The reclassification by the Civil Service Commission of the five Hearing Examiner positions increases their grades from GS-14 to GS-15. In this small staff of 5 examiners and 2 clerical assistants, it is not possible to rely on savings from turnover to help meet the expenses of the office. This increase is necessary to finance the Office of Hearing Examiners on a full year basis in 1954, at the new rates.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored: deleted matter enclosed in brackets):

For expenses of the Office of the Secretary of Agriculture, including the purchase of one passenger motor vehicle for
1 replacement [of the motor vehicle used by the Secretary with a comparable new model] only; * * * together with such amounts from other appropriations or authorizations as are provided in the schedules in the budget for the current fiscal year for such services and expenses, which several amounts or portions thereof, as may be determined by the Secretary, not
2 exceeding a total of [$109,280] $119,280 * * *

The first change in language deletes the authority for replacing the Secretary's automobile with a comparable new model. The replacement was made in fiscal year 1953 and retention of the language is no longer necessary.

The second change in language increases the amount which may be transferred to this appropriation from other appropriations, the need for which has been explained above in the justification of increases.

WORK UNDER THIS APPROPRIATION

This appropriation provides for the salaries and general expenses of the Immediate Office of the Secretary of Agriculture, which includes the Secretary, the Under Secretary, the Assistant Secretary and members of their immediate staff, as well as for the departmental offices of Personnel, Budget and Finance, Plant and Operations, and Hearing Examiners. Following are brief summaries of the work currently performed under each of these activities:

(1) General Administration.

The Immediate Office of the Secretary has a broad, general responsibility for Federal agricultural policy determination, leadership, and program accomplishment.

Review and Coordination of Agency Programs. The Secretary's Office in providing direction to the regular, continuing operations of the Department, reviews and coordinates the programs of the Department agencies in research, credit, use and protection of natural agricultural resources, education and information on technology of production and marketing, price support operations, crop insurance, disease and insect eradication, and numerous service and regulatory functions ranging from protection of human, plant and animal health to regulation of commodity exchanges.

Planning Adjustments in Department Programs. In ordinary times it is often necessary to make prompt adjustments in Department programs because of fluctuations in agricultural production. Emergency conditions require changes to strengthen the Nation's agriculture to meet defense needs. The importance of these matters requires Secretarial participation in over-all planning, coordination, and direction. Proper correlation with other agencies, such as the Office of Defense Mobilization and other defense establishments, as well as liaison with farm organizations and agricultural industries, including manufacturers of farm equipment and fertilizer, processors, and other groups dealing with agriculture, impose added responsibilities on the Secretary and his staff.

River Basin Development Programs. The Office of the Secretary is responsible for the development of criteria and policy for and coordination of comprehensive agricultural resources programs. National emphasis on resource development and conservation programs has particularly focused attention on the Department's responsibility for formulating plans for comprehensive multi-purpose, agricultural land and water use and conservation programs in major river basins. This involves the coordination of planning and programming within the Department and coordination with other Departments, State agencies, and private interests whose participation is necessary for proper integration of the many parts of over-all basin developments.

Participation in International Activities. The Department participates in reciprocal trade agreements work, and represents American agricultural interests in all international arrangements affecting

trade. It administers the responsibilities of the United States under the International Wheat Agreement, represents the United States Government on committees and with groups dealing with other commodities and commodity agreements, and furnishes the primary liaison with FAO. The Department is participating in the administration of agricultural programs under Point IV in some 30 countries.

Review and Improvement of Organization and Procedures. For the past several years the Secretary's Office has furnished active leadership for a comprehensive program of Management Improvement. Continuing emphasis is being given to simplification of procedures, economies of operation, and the most efficient assignment of functions at all levels of organization.

(2) Personnel Administration and Service.

Current Functions and Responsibilities: The Office of Personnel, under the supervision of the Director of Personnel, is the staff office of the Secretary responsible for general direction, co-ordination and administration of the Department's personnel management program. The work of the office is performed through six functional divisions. Each division is responsible to the Director for the efficient carrying out of the functions and responsibilities in its particular field of work. Specific responsibility for the safety functions and activities are retained in the Office of the Director.

Personnel policies and procedures are designed to aid program officials in making the most effective use of all employees in the field. This involves carrying out the expressed policies of Congress, the President, Budget Bureau, Civil Service Commission, Bureau of Employee's Compensation and other Federal agencies; delegations of authority to agencies to enable completion of personnel actions with a minimum of review and maximum economy in operations, issuance of written instructions to agencies concerning regulatory and administrative policies and procedures; and the development and administration of standards and uniform practices for all phases of personnel management.

1. Classification, Salary Administration, and Classification Specifications:

(a) Supervises allocation of all positions in the Department; develops policies and plans for the compensation of employees occupying positions exempted from provisions of the Classification Act of 1949, as amended.

(b) Develops policies with respect to hours of duty for employees.

(c) Interprets appropriate laws, Civil Service Commission rules and Comptroller General decisions and develops policies and regulations on compensation, including within-grade increases, for the guidance of agencies of the Department.

(d) Develops classification specifications for positions peculiar to the Department, and cooperates with the Civil Service Commission in drafting specifications for positions on a servicewide basis.

2. Employee Performance and Development:

(a) Develops policies and standards as guides for agencies of the Department for training, performance ratings, safety, employee grievances and rating appeals.

(b) Advises and cooperates with agencies in carrying out these functions throughout the Department.

3. Employment, Recruitment, Placement, Examination, Separation, and Retirement:

(a) Develops and administers over-all recruitment and placement activities such as executive development agreements, training agreements, Junior Agricultural Assistant examining program, probationary training programs, contacts with Land-Grant Colleges and other educational institutions and other career programs.

(b) Administration of Civil Service Commission examining program including development of qualification and examination standards.

(c) Administers the employment phases of the personnel management program including transfer, promotion, separation, leave and retirement.

(d) Coordinates the compilation of Departmental personnel statistics.

4. Organization and Personnel Management:

(a) Develops improved personnel procedures and organization patterns, reviews organization changes and maintains current organizational record of the Department; surveys and investigates Department's organization to improve structure, lines of authority and responsibility, flow of work and work-load distribution to promote more effective use of personnel.

(b) Directs the review and appraisal of agency personnel program activities, develops standards of personnel office performance and maintains control records on delegated authorities.

(c) Participates in the development and execution of operating plans for the Department's Management Program and develops materials to encourage and maintain employee interest in management improvements. Arranges for the investigation of employee suggestions which require action at the departmental or higher level.

(d) Administers the Department's Incentive Awards Program, --Honor Awards, Efficiency Awards, Cash Awards and Step Increases for Superior Accomplishment.

(e) Initiates the preparation of policy, regulatory and administrative personnel instructions.

(f) Studies and prepares Departmental reports on pending legislation having personnel implications.

5. Investigations:

(a) Investigates alleged violations of law applicable to the Department or violations of Department regulations.

(b) Investigates alleged mismanagement and misconduct of personnel within the Department and its instrumentalities.

(c) Establishes standards to be followed by agencies of the Department in conducting disciplinary investigations and in determining the action to be taken as a result thereof.

(d) Makes necessary investigations in security clearance cases, including requests for special passports, attendance at international conferences, access to classified material and membership on inter-departmental committees dealing with matters important to the national security.

(e) Prepares cases and files for consideration and adjudication by the Department Loyalty Board, prepares forms, reports and loyalty files for submission to the Loyalty Review Board, Civil Service Commission. Maintains control and custody of files and prepares monthly reports for submission to the Loyalty Review Board.

6. Employee Health:

(a) Supervises the health service facilities of the Department.

(b) Provides treatment of on-the-job illnesses requiring emergency attention.

(c) Assists in the conduct of employee health eduction.

(d) Advises with employees on health matters and instructs employees injured in line of duty regarding compensation rights, report requirements and procedures.

(e) Conducts health examinations as necessary.

Examples of recent developments and activities:

The following laws are especially significant in their personnel phases and involved adjustments in personnel policies and procedures to meet new requirements:

1. Public Law 375, 82nd Congress: Applies pay increases of Public Law 201, dated October 24, 1951, to positions whose

salaries are fixed by law at rate under highest rate of Classification Act of 1949; amends Public Law 253, dated November 1, 1951, by permitting a limited number of permanent promotions, authorizes the Civil Service Commission to permit promotions in cases of meritorious nature.

2. Public Law 455, 82nd Congress: Provides that leave earned during one calendar year must be used before July 1 of the succeeding calendar year.

3. Public Law 536, 82nd Congress: Extends Veterans Preference Act of 1944 to persons serving in the armed forces after World War II and before July 2, 1955.

4. Public Law 451, 82nd Congress: Limits Department, with certain exceptions, to filling only 25 percent of vacancies until number of personnel have been reduced to 90 percent below number in Budget.

The following examples represent some of the significant activities with which the office has been concerned during the past fiscal year:

1. The Office conducted a review and evaluation of all agency personnel offices in the Washington Metropolitan Area and 31 field offices exercising delegated authority. These reviews have resulted in better relationships because of a mutual understanding and appreciation of each others problems and objectives, which is essential to the unification of the Department's personnel program under a policy of delegated authority.

2. The Fifth Biennial Personnel Management meeting of key program and personnel workers was held during fiscal year 1952. This meeting was held to focus the attention of supervisors and administrators, as well as personnel workers on problems of basic interest and importance in the improvement of personnel management in the Department. Also to identify emerging problems in personnel management and to make plans for their solution. There were 89 recommendations approved. Of these, 37 have been completed (although some still require action by other authority in and outside the Department), 29 are continuing projects of a long range character such as training programs, review program and liaison activities and 23 require further consideration and action by this Office, including the completion of negotiations with other agencies and authorization from the Civil Service Commission.

3. Comprehensive information on allowances and differentials for employees in foreign and territorial areas was developed for Committees of the Senate and House of Representatives, the Bureau of the Budget and the Civil Service Commission. In wage administration one of the continuing projects involved working out a more equitable method of administering wage rates paid employees under the jurisdiction of wage boards throughout the Department in relation to rates paid by other Federal agencies.

4. The importance of incentive programs as a segment of management improvement was stressed this past fiscal year. Counseling sessions were held with Department agencies to guide and assist them in the application of laws and regulations pertaining to the administration and operation of all phases of the incentive program - cash awards, efficiency awards, honor awards and step increases for superior accomplishment. Delegations of authority to the agencies to take action in the field on cash awards were increased, which should give increased emphasis to the program. The agencies of the Department last year made the largest number of nominations for honor awards since the program has been in operation, indicating that this, the Department's oldest incentive awards program is becoming better established.

5. Work was continued in the improvement of recruitment efforts and selection techniques. This involved strengthening the career program within the Department, establishing specifications for a number of positions not covered by examination in previous years, working out executive development and training agreements with the Civil Service Commission; improving Departmental contacts with Land-Grant Colleges and other educational institutions in the interest of recruiting outstanding college graduates and the development and maintenance of an active roster of employees who have an interest and demonstrated aptitudes and abilities as potential administrators.

(3) Budgetary and Financial Administration and Service:

General policy formulation and direction, review, inspection, and coordination of the budget, fiscal, and supply management functions of the Department of Agriculture are the responsibility of the Office of Budget and Finance, serving as a staff agency of the Secretary. The Office provides leadership and coordination of these activities through the development and installation of improved policies, methods, procedures and systems with a view to strengthening the management and operation of the Department's programs and activities.

The activities of the Office must at all times facilitate the attainment of the program objectives envisioned by the Congress with the maximum efficiency and economy. The prompt recognition and adjustment to changing conditions, and the effective meeting of new problems is essential to the prevention of wasted effort. A constant awareness of and sensitivity to all aspects of the Department's work is necessary so that the application of practices and procedures make appropriate allowances for inherent differences in programs. More specifically, the Office is responsible for:

Policies and procedures. Major emphasis is placed by the Office on the necessity for continuous effort to improve the procedures and methods pertaining to the functions within its area of responsibility. This includes the formulation and promulgation of over-all departmental policies and procedures relating to these activities, the

refinement of existing policies and procedures, the development of new methods and techniques to meet particular Department program needs, and the fostering of administrative and program management improvements through staff liaison and cooperation with agencies of the Department and with other governmental agencies concerned.

Budget formulation and presentation, and management of funds, involving the supervision and coordination of:

(a) The formulation, preparation and presentation of budget estimates and supporting justifications, including the review, analysis and evaluation of agency estimates, the preparation of budgetary and statistical statements, etc., relating thereto, and the presentation of the estimates to the Budget Bureau and Appropriations Committees of Congress.

(b) The allotment and apportionment of funds and preparation and review of current obligation reports thereon, in order to provide for the orderly management of the expenditure of funds, consistent with the purposes for which they were made available.

Accounting and auditing functions, involving the revision and modernizing of agency accounting systems, improving financial reporting techniques, and strengthening internal audits and controls. These functions are carried out through review and analysis of agency accounting systems, reporting, and auditing requirements with a view to:

(a) developing accounting systems in conformity with sound principles and standards to meet management needs,

(b) coordinating agency procedures and methods to meet program management needs as well as the requirements of the Treasury, General Accounting Office, and other agencies,

(c) perfecting the systematic flow of accounting data to facilitate improved internal and external financial reports,

(d) furnishing technical assistance to agencies in developing improved appropriation, cost, and revolving fund accounting systems and methods adapted to their particular needs,

(e) developing and issuing over-all departmental regulations and policies on accounting and auditing operations,

(f) supervising and coordinating the development in the agencies of policies, methods, standards and scope of internal audit programs.

Administrative accounting services. The Bureau Accounting Services performs the payrolling, auditing, and administrative fund accounting for the Office of the Secretary, including the staff offices and the

Working Capital Fund, and for the Office of the Administrator, Agricultural Research Administration, and the Office of Experiment Stations. The cost of these services is charged directly to the applicable appropriations for the activities benefiting, except for the Office of Experiment Stations for which a transfer of funds was made several years ago to the appropriation for the Office of the Secretary. Periodic time studies are conducted to verify and adjust, if necessary, the charges made to these appropriations.

Budgetary and financial reporting. This includes the formulation and maintenance of a comprehensive and integrated system of financial and budgetary reporting within the Department; the review and analysis of agency reports to determine completeness, timeliness, etc.; the preparation of regular consolidated and special financial and statistical statements covering all fiscal operations of the Department, including capital, appropriated, and other funds; the development of standards for effective and useful financial and budgetary reports; and advice to the agencies to facilitate use of financial, budgetary, and related operating statements.

Procurement and supply management activities relate to the acquisition, storage, issue, effective utilization, replacement, and disposition of administrative and operating supplies and equipment, and to the formulation and promulgation of policies, regulations, and procedures in connection therewith, including the administration of delegations of procurement and sales authorities, and the analysis and review of agency operations.

Program review, consisting of analyses and evaluations of the budgetary, financial, and legislative aspects of program proposals and program operations.

Legislative reporting, including coordination of the preparation, review, and clearance of legislative proposals and reports, and provides legislative information relating to agriculture to departmental and agency officials.

Fiscal management, involving a wide range of budgetary, fiscal, and administrative problems, including the development of improved and simplified operating methods, procedures, administrative regulations and requirements, and operating instructions and controls; management improvements; measures of economy and efficiency; and the management of administrative and program forms. This function is carried on in close cooperation with other staff offices and governmental agencies.

Liaison. The Office serves as the central point of contact for the Department on budgetary, fiscal, procurement, legislative, and related matters with the Bureau of the Budget, General Accounting Office, Treasury Department, General Services Administration, and others. It also provides liaison with Congressional Committees on Appropriations and with other committees concerned with agricultural matters.

Examples of recent activities. Work accomplished during the last fiscal year which is indicative of problems on which work is now being done, and with which the Office must deal constantly, includes:

(a) Review of agency operations. During the year a series of special reviews of operations in the individual agencies of the Department was initiated as a further means by which the Director of Finance might carry out his responsibilities for the general direction, coordination, and supervision of matters relating to the fiscal affairs of the Department. In this way an effort is made to (a) obtain background information and understanding of practical situations for the guidance of the Departmental staff in the development of policies, procedures, and other matters affecting the budget, fiscal, and supply management activities in the Department; (b) aid agency officials in the application of improved management techniques and principles in these fields; (c) provide information to the Director of Finance, and other Department officers, indicating whether reasonable standards of economy and efficiency prevail in the conduct of the foregoing activities; and (d) ascertain existing and emerging problems having financial implications and bring them to the attention of appropriate officials. One such review was completed and two others were well under way at the close of the year.

These surveys encompass all agency activities that have a significant relationship to the staff responsibilities of the Office but give particular emphasis to practical operating problems. They do not, however, take the place of longer-term, detailed subject-matter studies and investigations of technical procedures and specific problems.

(b) Improvements in budgetary administration.

(1) Simplification of procedures for allotting funds to agencies of the Department. Additional authority was delegated by the Secretary to the Director of Finance which resulted in relieving the Secretary of burdensome detail and expediting the process of making funds available to the agencies.

(2) Simplification of procedures for issuing financial advices to agencies. As a result of a joint regulation of the General Accounting Office and Treasury Department, it has been possible to eliminate several steps in the procedure for the receipt and use of special and trust funds. In addition, operating procedures with respect to the handling of advance working funds from other agencies were simplified to expedite these transactions and at the same time retain the necessary safeguards in the use of such funds.

(c) Accounting systems development. Efforts in the area of systems development were concerned with such items as:

(1) developing improved allotment and general ledger accounting procedures;

(2) providing better control over obligations, allotments, and apportionments, and improving the handling of reimbursements and other collections;

(3) assuring a direct relationship between the accounts and the activity schedules in the budget;

(4) simplifying the processing of vouchers and other accounting documents;

(5) emphasizing better management and organization of accounting operations to prevent unnecessary paper work and duplication of effort and to strengthen internal controls;

(6) improving reports on the status of funds and other financial aspects of programs.

(d) Simplifying and improving fiscal procedures. A pilot study was conducted relating to the use of a combined voucher and schedule form.

(e) Strengthening of internal audit programs. Continued emphasis was placed on the effective coordination of the internal auditing program of the agencies of the Department with the comprehensive audit program of the General Accounting Office.

(f) Improvement of purchasing and contracting procedures. Particular emphasis was placed during the year on developing a more effective procedure for reducing small purchases to a minimum and for keeping procurement costs on such purchases as low as possible, and at the same time maintaining adequate safeguards over the expenditure of public funds.

(g) Procurement management. Some of the more important cooperative studies on a Government-wide basis of procurement management problems, including those on revision and use of standard forms, development and use of Federal Specifications, development of Federal cataloging, methods of contracting for public utilities and other continuous services, interagency purchase assignments, and criteria for determining method of supply, scheduling of needs, and materials requirements.

(h) Property utilization and management. A program was inaugurated for more extensive development in the Department of equipment and supply utilization standards as a further means of better property management, and the coordination

and simplification of procurement and inventory control processes. Cooperative studies were carried on with the General Services Administration for improving policies and methods providing for more economical and efficient management of Government-owned and -leased motor vehicles, including inspection, identification, replacement and control.

(4) General Operations.

The Office of Plant and Operations, as a staff office of the Secretary, is responsible for the housing of departmental activities, communications and records management services, technical advisory services, administrative and budgetary service functions for the Office of the Secretary and certain departmental services in the District of Columbia. Continuing emphasis is being given to the simplification of procedures, economies of operation, and the most efficient assignment of functions at all levels of the office.

The surveying, mapping and aerial photographic activities of departmental agencies which are reviewed and approved in this Office have continued during the year at a normal rate. A considerable quantity of special mapping assignments from the Department of Defense have been received and handled by direct assignment from this Office to departmental agencies.

The Consolidated Housing Program. The program of consolidated housing of Department agencies at the State and County levels under the policy announced in Secretary's Memorandum 1278 continued to be one of the principal activities of this Office. Working closely with representatives of the agencies, real progress is being made toward achieving the objectives of this program.

At the State level, there have been (1) 25 consolidations actually accomplished; (2) 4 consolidations authorized and in process of being effected; and (3) 19 states where various problems have delayed final plans.

At the County level, there have been 1,840 consolidations as of November 30, 1952. This represents an increase of 495 county consolidations over the report to the Congress of a year ago.

This program has been greatly facilitated through the use of Regional and Area Chiefs of Administrative Services of three of the agencies primarily involved in the State and County consolidations, as Area Administrative Services Technicians on a Departmental basis.

Space Acquisition and Utilization. The operation of the space acquisition and utilization program under Reorganization Plan 18 of 1950 greatly increased the liaison activities of this Office with the staffs of the General Services Administration both in Washington and the field. The development of policies and operating procedures required constant adjustment and revisions.

This Office continued to work with the General Services Administration in a program to bring about much needed improvements in the buildings occupied by the Department in Washington. The South Building in particular has been seriously deficient in facilities for providing electrical energy. Additional transformers, feeders and risers have been installed in the 4th and 5th wings of the South Building, and new fluorescent fixtures are being installed to alleviate some of the very poor lighted areas. New floor coverings have also been put down in some areas. The performance of this work is the responsibility of the General Services Administration.

Records Management Services. This Office has the responsibility for the administration of the records management program for the Department. This responsibility includes leadership in, and the coordination of records management activities of all agencies of the Department. General policies, standards and procedures are established as may become necessary to assure compliance of Department agencies with Public Law 754, 81st Congress, the Records Act of 1950, and regulations issued thereunder by the General Services Administration.

In December 1951, considerable impetus was given the records management activities of all governmental agencies by the issuance of Regulations of the General Services Administration, Title 3, Federal Records. In brief, these regulations clearly define agency program responsibilities, policies and procedures to be adopted, and certain definite objectives to be achieved, the latter by a specific deadline date. A decided increase in the over-all technical guidance and assistance to agencies by staff analysts has been the result of the issuance of these regulations.

Agencies, moreover, have become interested in a program of records management not only because of the added impetus of deadline objectives but also because of the desire to emulate the example of those agencies which are real "trail blazers." Further incentive has been provided during the past year for all agencies by the organization of a USDA Records Management Council which is sponsored by this Office. The membership of this Council is composed of persons responsible for records management in the various agencies of the Department. The Council meets at regular intervals for the expressed purpose of "(1) encouraging the study, development, and use of improved methods and higher standards; (2) fostering and developing interest in establishing comprehensive and sound programs of records management; and (3) encouraging cooperative action on the part of agency records management personnel in solving records problems through exchanges of ideas and other appropriate means."

This Office continues its work in all phases of records management including maintenance and disposition. For example, a staff analyst made a survey in one of the larger agencies of the Department which entailed inventorying approximately 13,500 cubic feet of records. As a result of the survey and accompanying final recommendations, it is expected that approximately 2,000 cubic feet of useless records will be destroyed in the near future. The preparation of a

comprehensive functional schedule covering approximately 90% of all records in this agency will permit of disposal of a further quantity of records. The monetary value of the equipment alone being released by the immediately disposable records will result in substantial economies.

During the fiscal year 1952, approximately 153,080 cubic feet of inactive records were disposed of, which exceeds 54,216 cubic feet the amount disposed of during the fiscal year ending June 1951. Translated into other terms, this total is equivalent to the contents of 25,513 four-drawer letter size filing cabinets.

Technical Advisory Services. Technical advisory engineering services are supplied to all agencies in the Department in the selection, maintenance and utilization of automotive and construction equipment; engineering, photographic and photogrammetric instruments and appliances; laboratory and research appliances and apparatus; farm machinery and miscellaneous equipment in all the foregoing categories which involve the application of engineering principles. Members of the staff represent the Department on various inter- and intra-Departmental technical committees engaged in the development of Federal Specifications, commercial standards, simplified practice recommendations, and motor vehicle operation practices and standards.

Departmental and Administrative Services. The departmental services are financed under two methods, namely, those from appropriated funds which include the telephone switchboard, telegraph, the departmental post office and those financed under the Working Capital Fund which include reproduction services, central stocking and issuing of supplies and forms and motor transport garage and services. The Administrative Services functions for the over-all Office of the Secretary are financed from appropriated funds and include budgetary, personnel, property, space and records management services.

The beneficial effect of the executive development program of the Office of Plant and Operations on the Service Operations Division was reflected in an improved organization and greater versatility on the part of the staff members who participated in the program. After painstaking experimentation, the organizational pattern which ensued proved both desirable and economical. Units were consolidated, the workflow simplified, and some savings in personnel made possible.

(b) Working Capital Fund, Department of Agriculture

The working capital fund is a "no-year" operating fund of $400,000 established by the 1944 Agricultural Appropriation Act to pay the operating costs of certain centralized service organizations pending receipt of reimbursements for such costs from the bureaus and agencies provided with the services. The integrity of the original appropriation is maintained from year to year by means of these reimbursements, and an appropriation in 1954 is, therefore, unnecessary.

Statements reflecting the assets and liabilities and income and expenses of the working capital fund as of June 30, 1952, as well as estimates for 1953 and 1954 are printed in the Budget schedules for the fiscal year 1954.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS
(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Agricultural Marketing Act, Agriculture, (Office of the Secretary of Agriculture):			
For accounting services rendered in connection with the Agricultural Marketing Act (RMA-Title II)	$4,371	$4,400	$4,400
Working Funds, Agriculture, General (Office of the Secretary of Agriculture):			
Advanced from:			
Mutual Security Administration:			
To cover administrative expenses incident to the Mutual Security Administration trainee program	- -	17,300	- -
Department of the Interior:			
For cost of studies in connection with the development of an evaluation of the agricultural repayment feasibility of the Weber Basin Reclamation Project, Utah	758	- -	- -
Department of the Army:			
For expenses in connection with a comprehensive survey of the Arkansas-White-Red River Basin	466	- -	- -
Departments of the Army, Navy, and Air Force:			
To cover costs in connection with the preparation of strategic maps and map material, mosaic compilation, photographic reproductions and photogrammetric compilation	4,125	2,600	- -
Total, Working Funds, Agriculture, General	5,349	19,900	- -

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Mutual Security (Allocation to Agriculture)(Office of the Secretary of Agriculture): To cover costs incurred for the establishment and maintenance of a roster of technically trained agriculturists and for security work	17,332	- -	- -
Working Fund, Agriculture, Office of the Secretary of Agriculture: Advanced from: Rural Electrification Administration: To cover expenses relating to investigations for rural electrification cooperatives	17,871	18,380	- -
Salaries and Expenses, Defense Production Activities, Agriculture, (Office of the Secretary of Agriculture): To provide over-all planning, coordination and intergration of the defense activities of the Department	59,301	50,000	- -
Obligations under Reimbursements From Governmental and Other Sources: Salaries and expenses ..	49,014	12,481	1,481
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	153,238	105,161	5,881

PASSENGER MOTOR VEHICLES

The estimates for 1954 provide for a continuation of the authority to replace one of the automobiles assigned for the official use of the Secretary of Agriculture. However, it is planned to use this authority only in the event of theft or damage beyond repair of one of the cars now in use.

There are four automobiles assigned to the Office of the Secretary which are operated in the District of Columbia.

These automobiles are used on official business by the Secretary of Agriculture, the Under Secretary, the Assistant Secretary, and members of their immediate staffs, as well as the heads and other responsible officials of the staff offices which comprise the Office of the Secretary.

The following tabulation reflects the age and mileage data for each vehicle assigned to the Office of the Secretary.

Number of Vehicles	Lifetime Mileage	Age Year Model	
		Number	Year Model
3	Under 20,000	1	1947
1	20,000 to 30,000	1	1948
		1	1951
		1	1952

OFFICE OF THE SOLICITOR

Purpose Statement

The Solicitor's Office was established in 1910 when the Congress prescribed that "hereafter the legal work of the Department of Agriculture shall be performed under the supervision and direction of the Solicitor" (5 U.S.C. 518). Until April 1, 1935 the Solicitor's Office was a unit of the Office of the Secretary, at which time it was established as a separate office having bureau status.

The Solicitor's Office, as the law office of the Department of Agriculture, performs all of the legal work arising from the activities of the Department. The Solicitor represents the Department in administrative proceedings for the promulgation of rules having the force and effect of law; in quasi-judicial hearings held in connection with the administration of various programs and acts; and in proceedings before the Interstate Commerce Commission involving freight rates and practices relating to farm commodities, including appeals from the decisions of the Commission to the courts. He serves as general counsel for the Commodity Credit Corporation and the Federal Crop Insurance Corporation. He furnishes necessary review in connection with criminal cases arising under the programs of the Department for the purposes of referring them to the Department of Justice.

By special assignment of the Attorney General, the Associate Solicitor on Litigation represents the Department in certain categories of cases before appellate courts, including the Supreme Courts of the States, U. S. Circuit Court of Appeal and the Supreme Court of the United States. The Solicitor issues both formal and informal opinions on legal questions arising in the administration of the Department's programs; prepares and reviews administrative rules and regulations applicable to the public; assists in the drafting of proposed legislation; prepares, reviews and interprets contracts, mortgages, leases, deeds, and similar documents; prosecutes patent applications for employees of the Department; examines titles to lands to be acquired by the Government or accepted as security for loans; and disposes of claims by and against the United States arising out of the Department's activities.

The legal work of the Office is carried on by 10 divisions in Washington, supervised by a deputy solicitor and 4 associate solicitors, each having 2 divisions, the Associate Solicitor on Litigation, and the Solicitor. The work in the field is handled by 10 regional and 8 branch offices.

On November 30, 1952, the Solicitor's Office had 440 employees, of whom 261 were in Washington and the balance in the field.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds	$2,352,024	~~$2,500,000~~ $2,300,000

 (Revised)

Salaries and Expenses

Appropriation Act, 1953		$2,356,000
Reduction pursuant to Sec. 412		-3,976
Transfers from other accounts (shown in detail in "Project Statement" below)		+224,895
Base for 1954		2,576,919
Budget Estimate, 1954:		
Direct appropriation	$2,300,000	
Transfers from--		
"Flood prevention, Agriculture"	18,000	
"Administrative expenses, Commodity Credit Corporation"	300,000	
Revised Budget Estimate, 1954		2,618,000
Increase		+41,081

SUMMARY OF INCREASES AND DECREASES, 1954

For legal services in connection with:		
Programs of the Farm Credit and Farmers Home Administration		-20,586
Commodity Credit, production and adjustment programs:		
Direct appropriation	-$58,681	
Transfer from CCC	+93,531	+34,850
Lands, forestry, research and general legal services:		
Direct appropriation	-7,079	
Transfer from "Flood Prevention"	-426	-7,505
Marketing and regulatory laws		+36,057
Rural electrification and telephone programs		-1,735

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increases or Decreases	1954 Revised (estimated)
1. Agricultural credit	$732,434	$739,086	-$20,586(1)	$718,500
2. Commodity Credit, production, and adjustment programs	493,120	503,650	+34,850(2)	538,500
3. Lands, forestry, research, and general legal services	469,243	473,505	-7,505(1)	466,000
4. Marketing and regulatory laws	398,585	408,943	+36,057(3)	445,000
5. Rural electrification and telephone programs	447,668	451,735	-1,735(1)	450,000
Unobligated balance	38,750	- -	- -	- -
Total available	2,579,800	2,576,919	+41,081	2,618,000
Received by transfer from:				
"Flood prevention, Agriculture"	-18,460	-18,426	+426	-18,000
"Administrative expenses, Commodity Credit Corporation"	-206,340	-206,469	-93,531	-300,000
Subtotal	2,355,000	2,352,024	-52,024	2,300,000
Reduction pursuant to Sec. 412	- -	+3,976		
Total appropriation or estimate	2,355,000	2,356,000		

INCREASES OR DECREASES

The net increase of $41,081 in this item for 1954 consists of the following:

(1) A decrease of $29,826 due to economies to be effected. As a result of a recent review of the activities of the Office of the Solicitor it is believed the cost of furnishing legal services may be reduced by simplification of procedures, organizational realignment and curtailment of legal review. This decrease is distributed as follows:

Agricultural credit	$20,586
Lands, forestry, research and general legal services	7,505
Rural electrification and telephone programs	1,735

(2) A net increase of $34,850 for legal services incident to the activities of the Commodity Credit Corporation (increase in transfer from Commodity Credit Corporation administrative expenses of $93,531 and a decrease in the direct appropriation of $58,681).

Need for Increase: The Office of the Solicitor is not in a position to control the volume of Commodity Credit Corporation legal work referred to it as the volume is dependent upon the activities of the Corporation. In recent years, this office has never been without a backlog of work arising out of the activities of the Corporation because of the liquidation of wartime programs, expanding postwar Commodity Credit Corporation operations, and the referral of the accumulated claims by the Corporation to this office for disposition.

Legal work in connection with claims and litigation arising out of the Corporation's activities, as in the case of all legal work in connection with claims and litigation, is governed by statutes and the rules of procedures established by the various courts that require a particular matter be handled and disposed of within the time allotted. Similarly, the rendering of legal services in connection with the Corporation's current programs is dictated by seasonal deadlines which are equally as exacting. Legal assistance in daily program activities must, of necessity, be given a high priority, since farmers and the public as a whole are directly affected by the various price support and other programs. The programs must be completely prepared, approved, and ready to be placed into operation as required by law prior to specific dates which vary according to the commodities concerned. Failure to make the program available on the specified dates would jeopardize the effectiveness of the program.

The referral of cases to the Department of Justice requires, in each instance, a complete review and analysis of files, audit reports, investigation reports and other sources to determine the facts and develop the issues, the necessary legal research and application of the law to the facts, the obtaining of evidence and the preparation of a letter to the Department of Justice giving a detailed analysis of the case. After cases have been referred to the Department of Justice, this office is often called upon to furnish supplementary

information, as well as legal memoranda, stipulations, briefs of important legal points in issue, answers to interrogations, and various pleadings. In many instances, in fact, attorneys from this office, at the request of the Department of Justice or of United States Attorneys, assist in the taking of depositions, in pre-trial conferences with opposing counsel, and the actual trial of important cases. The Commodity Credit Corporation, unlike most other Government agencies, is subject to a six-year statute of limitations which applies to claims, by and against the Corporation. Corporation claims against rail carriers are subject to a two-year statute of limitation. Generally, a three-year statute of limitation applies to Federal criminal prosecutions. The Wartime Suspensions of Limitations Act of 1942 provides that the running of the three-year statute on offenses involving defrauding of the United States during time of war is suspended until three years after the termination of hostilities. In view of these limitations, it is imperative that adequate legal assistance be available to process the Corporation's cases. During the past four years the activities of the Corporation have resulted in a marked increase in the number of cases in litigation and referrals to the Department of Justice as indicated by the following tabulation:

Fiscal Year	Referred During Year	Pending at Close of Year
1949	178	484
1950	203	618
1951	234	636
1952	681	1,114

A number of cases referred to the Department of Justice in the past four years have required a rather substantial amount of time and attention by attorneys of this office. The following are examples:

Cases	Man-Months
Mid-State Products Company v. Commodity Credit Corporation	4.5
United States v. Galveston Wharves, Elevator B. and various railroad Companies	3
United States v. Leroy Dyal, Inc.	1
United States v. Puritan Products, Inc.	1

The following table reflects the increase in the percentage of the total legal work of this office devoted to matters arising out of the Corporation's activities:

Fiscal Year	Percent
1949	7.35
1950	8.69
1951	10.27
1952	12.84

In view of this marked increase in the legal work of the Commodity Credit Corporation, an increase of $93,531 in the transfer from the Commodity Credit Corporation is requested. This increase would provide for a total transfer of $300,000 in the fiscal year 1954. The increase in the transfer item is offset in part, however, by a reduction of $58,681 in the funds requested as a direct appropriation. This will result in the actual cost of legal services furnished the Commodity Credit Corporation being more adequately financed from funds received by transfer from the Corporation.

(3) An increase of $36,057 for legal services incident to the administration of the Marketing Agreement and Orders programs, activities under the Perishable Agricultural Commodities Act, Packers and Stockyards Act, and the Transportation programs.

Need for Increase: There was a marked increase in the legal work referred to the Office of the Solicitor during fiscal year 1952 in connection with the many regulatory laws administered by the Department, and this rate of increase is expected to continue during fiscal years 1953 and 1954. Additional legal services will be required to handle the increased workload in connection with the specific programs outlined below as these increases in volume of legal work are not off-set by decreases in the volume of work on other programs in the field of marketing and regulatory laws. The volume of work on those other programs remain generally constant with some slight increases.

Summary of Data relating to Workload

	1951 (Actual)	1952 (Actual)	1953 (Estimate)	1954 (Estimated)
Marketing Agreement and Order Programs:				
New programs placed in effect.....	4	7	10	10-15
Amendments to existing programs placed in effect.....	37	59	80	100
Perishable Agricultural Commodities Act:				
Reparation complaints filed.....	170	224	275	300-325
Packers and Stockyards Act:				
Administrative proceedings.....	14	49	50-70	50-100

Marketing Agreement and Order Programs. - During fiscal year 1952, 6 new milk programs and 1 tobacco program were made effective as contrasted with 4 new such programs made effective during fiscal year 1951. As of June 30, 1952, the number of such programs in

effect was 72, consisting of 45 milk programs, 25 fruit, vegetable, hop, and nut programs, 1 tobacco program and 1 hog-cholera serum and toxin program. In addition 5 new milk programs were issued during the first half of the fiscal year 1953, and 2 more are awaiting final action. Fifty-nine amendments to the existing programs were made effective as contrasted with 37 such amendments made effective during fiscal year 1951, representing an increase of about 60 percent. These amendments in several instances involve expansion of the geographical area together with substantial increases in the number of persons affected.

The large increase in the number of amendments made effective during 1952, a trend which is expected to continue in 1953 and 1954, is a reflection of the expansion of milk marketing programs to new markets which has created numerous problems of inter-market relationships requiring frequent hearings on amendments. The performance of legal services in connection with these programs is becoming more difficult as programs are established in areas distant from Washington, i.e., San Antonio, Texas, and Seattle, Washington. Hearings at these distant places require more time and expense traveling to and from these markets, thus reducing greatly the availability of attorneys for office work.

Incident to the expansion of these programs to new markets in 1952, the Office of the Solicitor has experienced a substantial increase in the number of regulations needed to supplement and effectuate these programs. For example, the number of grade, size, volume and other regulations increased from 321 to 373. The number of court actions involving the programs increased from 69 to 79, and 86 such actions were pending at the close of the fiscal year, an increase of 17 in the backlog of such cases.

Several pending court cases, if decided adverse to the Department's position, will require widespread amendment hearings.

There were also pending at the close of the fiscal year 25 administrative proceedings challenging the validity of these programs or obligations imposed in connection therewith, and 7 new proceedings were instituted during the first two weeks of July 1952. Many of these cases and administrative proceedings involve serious constitutional issues. These and complicated fact issues require extensive time-consuming work on the part of the attorneys of this office.

Perishable Agricultural Commodities Act. - The bulk of the work of this office under this Act concerns the handling of reparation complaints, which involve the receipt of evidence and legal argument from the parties involved and the preparation of decisions on the basis thereof for the consideration of, and issuance by, the Judicial Officer. Reparation complaints filed during fiscal year 1952 numbered 224 as contrasted with 170 such complaints filed during fiscal year 1951, an increase of over 30 percent in the number of such proceedings. By virtue of such increase the number of cases pending July 1, 1952 was 154 as contrasted

with 132 such cases pending on July 1, 1951. As indicated in the workload summary above, the number of reparation complaints is expected to continue increasing in 1953 and 1954.

One of the purposes of the Perishable Agricultural Commodities Act was to provide an administrative forum in which disputes arising out of interstate shipments of perishable fruits and vegetables could be settled in a convenient and speedy manner. Delay in rendering decisions in these proceedings defeats the purpose of the statute and has subjected the Department to serious criticism. Moreover, since all the cost of this program except for legal services, is borne by the industry through the collection of license fees, the industry feels justified in demanding prompt and efficient service.

By amendment to the Perishable Agricultural Commodities Act, the fees collected from the industry have been increased and are now being placed in a revolving fund from which administrative expenses are paid. This amendment does not provide for financing legal services from the fund. The increase in fees makes available more adequate funds for the closer supervision and auditing of dealers' and brokers' accounts. This will undoubtedly result in disclosing violations of the Act which would otherwise have not been discovered. This office may, therefore, reasonably anticipate during the fiscal years 1953 and 1954 an increase in the number of disciplinary proceedings, criminal prosecutions, and civil suits for penalties and injunctions.

Packers and Stockyards Act. - The officials charged with the administration of the Act presently follow the practice of conducting exhaustive investigations of all operations at a particular stockyard either periodically or when it comes to the attention of such officials that irregularities are occurring at such stockyard. Prior to the adoption of such procedure it was generally the practice to investigate particular complaints rather than conduct market-wide investigations. Under the present investigative practice, more proceedings (administrative and court) are instituted than was the case formerly.

For example, there was a substantial increase of work during the fiscal year 1952 in connection with administrative proceedings under the Packers and Stockyards Act. During the year the Office of the Solicitor participated in 49 proceedings under the Act, most of which were lengthy and complicated. These hearings required a minimum of three attorneys full time for the year. As indicated by the workload summary above, this increase is expected to continue into fiscal years 1953 and 1954. During the first six months of the fiscal year 1953, 39 such proceedings were held.

During the fiscal year 1952 there were analyzed and transmitted 65 cases for criminal prosecution under the Act. This represented an increase of 75 percent over the number of criminal cases handled during fiscal year 1951. These increases in

workload have resulted in delays in disposing of matters and a backlog of work.

Various markets are being investigated at the present time, and it is anticipated there will be a considerable volume of disciplinary proceedings in the future as a result of these investigations.

During fiscal year 1949 over 100 additional stockyards were posted under the Act, an increase of approximately 33-1/3 percent in the number of posted yards. It is anticipated that the full impact of the additional postings will be felt by this office in fiscal year 1954. Up to the present time it has generally been possible to dispose of violations of the Act at the newly posted stockyards by stipulation. Recent audits, however, have disclosed violations of such stipulations and disciplinary action will be required to assure compliance with the Act. It is contemplated that the additional postings will result in considerable increase in the volume of disciplinary cases as well as some increase in the number of reparation and rate proceedings, and in court actions.

Transportation Program - It is anticipated that there will be an increase in transportation proceedings before ICC and other regulatory bodies and the Federal court in connection with transportation rates and services for agricultural commodities and farm supplies. Some of the increase may be attributed to the fact that freight rates are now at an all-time high level and, due to cost pressures, will probably go still higher. Moreover, the Interstate Commerce Commission has approved the filing of a new uniform freight classification, notwithstanding numerous requests for suspension of individual items, which will undoubtedly result in the institution of many formal complaints. This program requires the participation of attorneys in a substantial number of extensive hearings and the preparation of briefs and other formal documents.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

> For necessary expenses, including payment of fees or dues for the use of law libraries by attorneys in the field service, [$2,356,000] $2,300,000, together with such amounts from other appropriations or authorizations as are provided in the schedules in the budget for the current fiscal year for such expenses which several amounts not exceeding a total of [$225,300] $318,000 shall be transferred to and made a part of this appropriation.

The proposed change in language increases the amount which may be transferred to this appropriation from the Commodity Credit Corporation, the need for which has been explained above in the justification of increases.

Salaries and Expenses

Appropriation Act, 1953		$2,356,000
Reduction pursuant to Sec. 412		-3,976
Transfers from other accounts (shown in detail in "Project Statement" below)		+224,895
Base for 1954		2,576,919
Budget Estimate, 1954:		
Direct appropriation	$2,500,000	
Transfers from--		
"Flood prevention, Agriculture"	50,000	
"Administrative expenses, Commodity Credit Corporation"	300,000	
Total available, 1954		2,850,000
Increase		+273,081

SUMMARY OF INCREASES, 1954

For additional legal services in connection with:	
The water facilities loan program of the Farmers' Home Administration	+7,800
Marketing and regulatory programs	+50,700
Rural telephone program	+89,476
Commodity Credit Corporation (Transfer from "Administrative expenses, Commodity Credit Corporation")	+93,531
Flood prevention program (Transfer from "Flood Prevention" appropriation)	+31,574

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increases	1954 (estimated)
1. Agricultural credit	$732,434	$739,086	+$7,800(1)	$746,886
2. Commodity Credit, production, and adjustment programs	493,120	503,650	+93,531(2)	597,181
3. Lands, forestry, research, and general legal services	469,243	473,505	+31,574(3)	505,079
4. Marketing and regulatory laws	398,585	408,943	+50,700(4)	459,643
5. Rural electrification and telephone programs	447,668	451,735	+89,476(5)	541,211
Unobligated balance	38,750	- -	- -	- -
Total available	2,579,800	2,576,919	+273,081	2,850,000
Received by transfer from:				
"Flood prevention, Agriculture"	-18,460	-18,426	-31,574	-50,000
"Administrative expenses, Commodity Credit Corporation"	-206,340	-206,469	-93,531	-300,000
Subtotal	2,355,000	2,352,024	+147,976	2,500,000
Reduction pursuant to Sec. 412	- -	+3,976		
Total appropriation or estimate	2,355,000	2,356,000		

INCREASES

The increase of $273,081 in this item for 1954 consists of the following:

(1) An increase of $7,800 for legal services incident to the water facilities loan program of the Farmers' Home Administration.

Need for Increase: This increase is requested for additional legal services arising out of the proposed increase in 1954 of $1,000,000 in the Water Facilities Loan Program. It is estimated that the increase will result in the referral to this office for legal approval approximately 160 additional loans to individual borrowers and 10 additional loans to groups. This will involve additional legal work in determining that applicants are properly and legally incorporated with respect to applications by incorporated water users' associations, including irrigation districts, for loans for the construction, repair or rehabilitation of domestic or irrigation water systems; that the obtaining of the loans has been duly authorized by necessary action of the stockholders and Boards of Directors or in the case of irrigation districts that necessary action for issuance of bonds has been taken; that the amounts applied for are within the limit established by the law; that the bylaws of the applicants are legally sufficient for the operations proposed; that all items of cost of the projects are properly payable from loan funds; and that the applicants have title to property, including water rights, necessary for the projects and offered as security. Also, it is necessary to determine the nature of the actions necessary to acquire or cure defects of title to such properties, and issue instructions for closing the loans, prepare security instruments and final opinions as to the proper closing of loans.

(2) An increase of $93,531 for legal services incident to the activities of the Commodity Credit Corporation (Transfer from CCC administrative expenses).

Need for Increase: The Office of the Solicitor is not in a position to control the volume of Commodity Credit Corporation legal work referred to it as the volume is dependent upon the activities of the Corporation. In recent years, this office has never been without a backlog of work arising out of the activities of the Corporation because of the liquidation of wartime programs, expanding postwar Commodity Credit Corporation operations, and the referral of the accumulated claims by the Corporation to this office for disposition.

Legal work in connection with claims and litigation arising out of the Corporation's activities, as in the case of all legal work in connection with claims and litigation, is governed by statutes and the rules of procedures established by the various courts that require a particular matter be handled and disposed of within the time allotted. Similarly, the rendering of legal services in connection with the Corporation's current programs is dictated by seasonal deadlines which are equally as exacting. Legal assistance in daily program activities must, of necessity, be given a high priority, since farmers

and the public as a whole are directly affected by the various price support and other programs. The programs must be completely prepared, approved, and ready to be placed into operation as required by law prior to specific dates which vary according to the commodities concerned. Failure to make the program available on the specified dates would jeopardize the effectiveness of the program.

The referral of cases to the Department of Justice requires, in each instance, a complete review and analysis of files, audit reports, investigation reports and other sources to determine the facts and develop the issues, the necessary legal research and application of the law to the facts, the obtaining of evidence and the preparation of a letter to the Department of Justice giving a detailed analysis of the case. After cases have been referred to the Department of Justice, this office is often called upon to furnish supplementary information, as well as legal memoranda, stipulations, briefs of important legal points in issue, answers to interrogations, and various pleadings. In many instances, in fact, attorneys from this office, at the request of the Department of Justice or of United States Attorneys, assist in the taking of depositions, in pre-trial conferences with opposing counsel, and the actual trial of important cases. The Commodity Credit Corporation, unlike most other Government agencies, is subject to a six-year statute of limitations which applies to claims, by and against the Corporation. Corporation claims against rail carriers are subject to a two-year statute of limitation. Generally, a three-year statute of limitation applies to Federal criminal prosecutions. The Wartime Suspensions of Limitations Act of 1942 provides that the running of the three-year statute on offenses involving defrauding of the United States during time of war is suspended until three years after the termination of hostilities. In view of these limitations, it is imperative that adequate legal assistance be available to process the Corporation's cases. During the past four years the activities of the Corporation have resulted in a marked increase in the number of cases in litigation and referrals to the Department of Justice as indicated by the following tabulation:

Fiscal Year	Referred During Year	Pending at Close of Year
1949	178	484
1950	203	618
1951	234	636
1952	681	1,114

A number of cases referred to the Department of Justice in the past four years have required a rather substantial amount of time and attention by attorneys of this office. The following are examples:

Cases	Man-Months
Mid-State Products Company v. Commodity Credit Corporation	4.5
United States v. Galveston Wharves, Elevator B. and various railroad Companies	3
United States v. Leroy Dyal, Inc.	1
United States v. Puritan Products, Inc.	1

The following table reflects the increase in the percentage of the total legal work of this office devoted to matters arising out of the Corporation's activities:

Fiscal Year	Percent
1949	7.35
1950	8.69
1951	10.27
1952	12.84

In view of this marked increase in the legal work of the Commodity Credit Corporation, an increase of $93,531 in the transfer from the Commodity Credit Corporation is requested. This increase would provide for a total transfer of $300,000 in the fiscal year 1954.

(3) An increase of $31,574 for legal services in connection with the flood prevention program (transfer from Flood Prevention appropriation).

Need for Increase: A flood prevention program of $22,460,000 is proposed for the fiscal year 1954 as compared with $7,750,000 in 1953. Under this program the installation of works of improvement in the 11 watersheds for which improvement programs have been under way and in the 7 additional watersheds for which initiation of improvement programs is being proposed in 1954 will result in a substantial increase in the legal work of this office.

Additional legal work will arise in connection with the operations program which includes the actual construction and installation of flood prevention measures on watershed lands. For example, the construction of upstream floodwater retarding structures and related works of improvement will present an increasingly heavy demand upon the Office of the Solicitor for legal advice.

The expanded operations program in the 18 watersheds will require the furnishing of such legal assistance as the preparation, review and approval of construction contracts, cooperative agreements, easements and right-of-way agreements, and related legal instruments; the procurement, examination and approval of title evidence pertaining to reservoir sites, easements and flowage rights; the review and approval of agreements for the operation and maintenance of upstream floodwater retarding structures and similar works of improvement; the interpretation of Federal, State and local laws, and of the provisions of flood prevention survey reports; and the review of procedures and forms.

(4) An increase of $50,700 for legal services incident to the administration of the Marketing Agreement and Orders programs, activities under the Perishable Agricultural Commodities Act, Grading and Inspection Service, Packers and Stockyards Act, and the Quarantine and Transportation programs.

Need for Increase: There was a marked increase in the legal work referred to the Office of the Solicitor during fiscal year 1952 in connection with the many regulatory laws administered by the Department, and this rate of increase is expected to continue during fiscal years 1953 and 1954. Additional legal services will be required to handle the increased workload in connection with the specific programs outlined below as these increases in volume of legal work are not off-set by decreases in the volume of work on other programs in the field of marketing and regulatory laws. The volume of work on those other programs remain generally constant with some slight increases.

Summary of Data relating to Workload

	1951 (Actual)	1952 (Actual)	1953 (Estimate)	1954 (Estimated)
Marketing Agreement and Order Programs:				
New programs placed in effect.....	4	7	10	10-15
Amendments to existing programs placed in effect.....	37	59	80	100
Perishable Agricultural Commodities Act:				
Reparation complaints filed.....	170	224	275	300-325
Packers and Stockyards Act:				
Administrative proceedings.....	14	49	50-70	50-100

Marketing Agreement and Order Programs. - During fiscal year 1952, 6 new milk programs and 1 tobacco program were made effective as contrasted with 4 new such programs made effective during fiscal year 1951. As of June 30, 1952, the number of such programs in effect was 72, consisting of 45 milk programs, 25 fruit, vegetable, hop, and nut programs, 1 tobacco program and 1 hogh-cholera serum and toxin program. In addition, 5 new milk programs were issued during the first half of the fiscal year 1953, and 2 more are awaiting final action. Fifty-nine amendments to the existing programs were made effective as contrasted with 37 such amendments made effective during fiscal year 1951, representing an increase of about 60 percent. These amendments in several instances involve expansion of the geographical area together with substantial increases in the number of persons affected.

The large increase in the number of amendments made effective during 1952, a trend which is expected to continue in 1953 and 1954, is a reflection of the expansion of milk marketing programs to new markets which has created numerous problems of inter-market relationships requiring frequent hearings on amendments. The performance of legal services in connection with these programs is becoming more difficult as programs are established in areas distant from Washington, i.e., San Antonio, Texas, and Seattle, Washington. Hearings at these distant places require more time and expense traveling to and from these markets, thus reducing greatly the availability of attorneys for office work.

Incident to the expansion of these programs to new markets in 1952, the Office of the Solicitor has experienced a substantial increase in the number of regulations needed to supplement and effectuate these programs. For example, the number of grade, size, volume and other regulations increased from 321 to 373. The number of court actions involving the programs increased from 69 to 79, and 86 such actions were pending at the close of the fiscal year, an increase of 17 in the backlog of such cases.

Several pending court cases, if decided adverse to the Department's position, will require widespread amendment hearings.

There were also pending at the close of the fiscal year 25 administrative proceedings challenging the validity of these programs or obligations imposed in connection therewith, and 7 new proceedings were instituted during the first two weeks of July 1952. Many of these cases and administrative proceedings involve serious constitutional issues. These and complicated fact issues require extensive time-consuming work on the part of the attorneys of this office.

Perishable Agricultural Commodities Act. - The bulk of the work of this office under this Act concerns the handling of reparation complaints, which involve the receipt of evidence and legal argument from the parties involved and the preparation of decisions on the basis thereof for the consideration of, and issuance by, the Judicial Officer. Reparation complaints filed during fiscal year 1952 numbered 224 as contrasted with 170 such complaints filed during fiscal year 1951, an increase of over 30 percent in the number of such proceedings. By virtue of such increase the number of cases pending July 1, 1952 was 154 as contrasted with 132 such cases pending on July 1, 1951. As indicated in the workload summary above, the number of reparation complaints is expected to continue increasing in 1953 and 1954.

One of the purposes of the Perishable Agricultural Commodities Act was to provide an administrative forum in which disputes arising out of interstate shipments of perishable fruits and vegetables could be settled in a convenient and speedy manner. Delay in rendering decisions in these proceedings defeats the purpose of the statute and has subjected the Department to serious criticism. Moreover, since all the cost of this program except for legal services, is

borne by the industry through the collection of license fees, the industry feels justified in demanding prompt and efficient service.

By amendment to the Perishable Agricultural Commodities Act, the fees collected from the industry have been increased and are now being placed in a revolving fund from which administrative expenses are paid. This amendment does not provide for financing legal services from the fund. The increase in fees makes available more adequate funds for the closer supervision and auditing of dealers' and brokers' accounts. This will undoubtedly result in disclosing violations of the Act which would otherwise have not been discovered. This office may, therefore, reasonably anticipate during the fiscal years 1953 and 1954 an increase in the number of disciplinary proceedings, criminal prosecutions, and civil suits for penalties and injunctions.

Packers and Stockyards Act. - The officials charged with the administration of the Act presently follow the practice of conducting exhaustive investigations of all operations at a particular stockyard either periodically or when it comes to the attention of such officials that irregularities are occurring at such stockyard. Prior to the adoption of such procedure it was generally the practice to investigate particular complaints rather than conduct market-wide investigations. Under the present investigative practice, more proceedings (administrative and court) are instituted than was the case formerly.

For example, there was a substantial increase of work during the fiscal year 1952 in connection with administrative proceedings under the Packers and Stockyards Act. During the year the Office of the Solicitor participated in 49 proceedings under the Act, most of which were lengthy and complicated. These hearings required a minimum of three attorneys full time for the year. As indicated by the workload summary above, this increase is expected to continue into fiscal years 1953 and 1954. During the first six months of the fiscal year 1953, 39 such proceedings were held.

During the fiscal year 1952 there were analyzed and transmitted 65 cases for criminal prosecution under the Act. This represented an increase of 75 percent over the number of criminal cases handled during fiscal year 1951. These increases in workload have resulted in delays in disposing of matters and a backlog of work.

Various markets are being investigated at the present time, and it is anticipated there will be a considerable volume of disciplinary proceedings in the future as a result of these investigations.

During fiscal year 1949 over 100 additional stockyards were posted under the Act, an increase of approximately 33-1/3 percent in the number of posted yards. It is anticipated that the full impact of the additional postings will be felt by this office in fiscal year 1954. Up to the present time it has generally been possible to dispose of violations of the Act at the newly posted stockyards by stipulation. Recent audits, however, have disclosed violations of

such stipulations and disciplinary action will be required to assure compliance with the Act. It is contemplated that the additional postings will result in considerable increase in the volume of disciplinary cases as well as some increase in the number of reparation and rate proceedings, and in court actions.

Transportation Program - It is anticipated that there will be an increase in transportation proceedings before ICC and other regulatory bodies and the Federal court in connection with transportation rates and services for agricultural commodities and farm supplies. Some of the increase may be attributed to the fact that freight rates are now at an all-time high level and, due to cost pressures, will probably go still higher. Moreover, the Interstate Commerce Commission has approved the filing of a new uniform freight classification, nothwithstanding numerous requests for suspension of individual items, which will undoubtedly result in the institution of many formal complaints. This program requires the participation of attorneys in a substantial number of extensive hearings and the preparation of briefs and other formal documents.

(5) An increase of $89,476 for legal services in connection with the rural telephone program.

Need for Increase: The acceleration of the rural telephone program contemplated during fiscal year 1954, comprising a $65,000,000 loan authorization will increase the legal services required in connection with the program enormously. It is estimated that the number of rural telephone loans will increase to a total of 200 such loans during fiscal year 1954.

It is not alone the number of loans, however, which will sharply increase the legal workload in connection with the rural telephone program. The myriad of complicated details involved in connection with each loan, the individual attention necessary to examine the numerous details, and the curative or prerequisite action necessary to assure adequate protection of the Government's security consume an extraordinarily large number of man hours in the handling of the legal aspects connected with this program. Some of the legal activities required in connection with a typical telephone loan are as follows:

(a) Examination of the allocation docket and the loan docket for conformance with the requirements and standards prescribed by the rural telephone amendments to the Rural Electrification Act, including review of the findings required with respect to non-duplication, area coverage, refinancing, adequacy of security, etc.
(b) Examination of the enabling act under which the borrower is incorporated, the charter and the bylaws. These acts are numerous and diverse and frequently so limited in scope as to require reincorporation under other corporate acts, or amendment or renewal of the charter, and new or revised bylaws.
(c) Examination of existing franchises or required renewals thereof, obtaining and review of proper and continuous

rights-of-way and easements, and examination of titles. Frequently the title is defective, the property having passed from one purchaser to another without legal formality, or records containing the names of contributing stockholders who have vested interests in the property have been lost or destroyed, or the stockholders are widely scattered, or under legal disability, or cannot be located.

(d) The availability of compulsory interconnection with other telephone systems must be determined. Such rights vary from state to state and between types of borrowers and types of service involved.

(e) Since the majority of rural telephone borrowers comprise small existing enterprises with outstanding debts, the status and effect of prior liens must be carefully considered and their legal effect upon the Government's security evaluated.

(f) The applicability of Blue Sky laws, tax laws and SEC and FCC requirements must be individually examined in relation to the corporate status of the borrower, the scope and type of service, and the type and number of corporate securities proposed to be issued, conveyed or transferred.

(g) State regulatory commission requirements must be examined and the necessary approvals (such as those relating to rates, construction standards and specifications, securities, certificates of convenience and necessity, necessary agreements with other companies, etc.) must be reviewed for adequacy.

(h) Acquisition, consolidation, or merger agreements must be prepared or reviewed. Such transactions are a common occurrence in connection with rural telephone loans as small systems seek to meet the feasibility or area coverage requirements of the basic act. It is not unusual to encounter loans which involve legal work in connection with ten or more acquisitions by one borrower.

(i) Loan contracts, mortgages or trust indentures, opinions of counsel and instructions must be prepared. Upon execution and recordation, the security documents must be examined for proper execution and for compliance with the requirements of applicable state laws and with the conditions of the loan in order that REA may be advised that adequate security protection exists for the advance of funds to the borrower. Each of the foregoing documents must be specially adapted (1) to meet the factual situation peculiar to the individual case; and (2) take into consideration each of the varying factors above outlined which may be applicable to the particular borrower.

(j) In preparation for and during construction, numerous contracts (construction, materials, labor, purchase, traffic, toll, switching, etc.) must be prepared or reviewed.

The legal work in connection with the numerous and extensive public service commission hearings required in connection with rural telephone borrowers' loans is in itself a major workload. Varying approvals by State Commissions are required in every state except two. Inasmuch as most commissions are not familiar with the type of financing involved in the rural telephone loans made by REA, consideration with respect to debt ratios and equity financing, inter-connection

with toll lines and switching arrangements, area coverage requirements, relationships between REA, its borrowers and the State Commissions and the form and content of the REA loan and security documents are frequent and are being thoroughly explored by the commissions before their approval is granted. Developing and establishing legal precedents with respect to such novel problems will severely tax the resources of this office. If the demands for assistance by this office are to be met, they are required to be satisfied on a current basis regardless of other critical workloads. Moreover, since loan funds for construction are not advanced to borrowers until the necessary commission approvals have been obtained, it is in the interest of REA, in order to accomplish the objectives of the program, and of the borrower and its subscribers, to obtain prompt and diligent consideration of such matters.

The foregoing listing of categories of legal work involved in the handling of the rural telephone workload, however, is merely illustrative of the variety of complex and time consuming legal work involved in the typical loan and does not include the individual problems and the intricacies involved in many of the loans, nor does it include the handling of frequent requests for assistance in drafting or reviewing proposed state enabling legislation affecting telephone borrowers, or to the large volume of requests for interpretation of the provisions of the basic act.

In these circumstances, the request for increase of funds for legal services in connection with the rural telephone program would be needed even though there were to be little increase in the 1954 loan authorization. Where in addition, however, the number of loans is expected to increase to such a considerable extent, the Office of the Solicitor will be faced with a formidable challenge in keeping pace with the REA production line.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

> For necessary expenses, including payment of fees or dues for the use of law libraries by attorneys in the field service, [$2,356,000] <u>$2,500,000</u>, together with such amounts from other appropriations or authorizations as are provided in the schedules in the budget for the current fiscal year for such expenses which several amounts not exceeding a total of [$225,300] <u>$350,000</u> shall be transferred to and made a part of this appropriation.

The <u>proposed change</u> in language increases the amount which may be transferred to this appropriation from the Commodity Credit Corporation and the "Flood Prevention" appropriation, the need for which has been explained above in the justification of increases.

STATUS OF PROGRAM

Current Activities: The Office of the Solicitor furnishes all of the legal services required in connection with the many and varied programs and activities of the Department in every State, territory and possession. The Secretary and other administrative officials are advised on legal problems which arise in connection with their work. Varied legal issues are presented in practically all fields of law including contract, tort, corporation, real and personal property, taxation, insurance, negotiable instruments, trust, title, bankruptcy, administrative, bailment, criminal, evidence, fraud, sales, statutory construction, admiralty, decedent's estate, suretyship, international, water rights, agency, damages, landlord and tenant, trespass, eminent domain, mining, patent, constitutional, interstate commerce, court and commission proceedings, lease, and public utility. The progress and effectiveness of the functions of the Department require legal competence with a broad appreciation and understanding of Department and related governmental policies and programs. This office is responsible for interpreting all existing legal authorities affecting actions or proposed actions of the Department's agencies and the application of such interpretations to the programs and operations of the Department.

Some of the specific activities to which the efforts of this office are directed are:

1. Rendering opinions based on legal consideration of the Department's programs and proposals, procedures, instructions, statements and correspondence having legal implication.

2. Approving for legal sufficiency contracts, leases and related legal documents in connection with the acquisition of facilities, materials, equipment and services.

3. Procuring, preparing and reviewing abstracts and other evidence of title, preparing and obtaining the execution of necessary curative instruments and deeds and the closing of transactions.

4. Preparing or reviewing agreements with Foreign, International, Federal, State and local agencies and other cooperators.

5. Prosecuting patent applications and appeals and participating in interference cases.

6. Handling of claims by and against the Government arising from the activities of the Departmental agencies.

7. Drafting and reviewing proposed legislation, recommended amendments to existing legislation and legislative reports relating to Departmental programs.

8. Approving for legal sufficiency loans and borrower-lender transactions which might affect the Government's security interests; this includes the preparation of legal instruments required in loan closing, servicing and collection

and the legal review of contracting and operating problems of the borrowers.

9. Participating in rule making and adjudicative administrative proceedings.

10. Preparing and reviewing proposed regulations.

11. Presenting the Department's position in hearings before regulatory bodies, such as the Interstate Commerce Commission, Federal Power Commission, Tariff Commission and State and local regulatory agencies.

12. Assisting in the preparation and presentation of evidence before the Bureau of Land Management in matters in which this Department has an interest relating to minerals.

13. Analyzing reports of investigation to determine whether a basis for prosecution exists.

14. Assembling and evaluating evidence, drafting pleadings, motions, briefs, and opinions, and assisting in actual trial of cases referred to the Department of Justice.

Examples of recent developments: Recent developments and status of activities are listed below by major functional groups to facilitate presentation and understanding followed by a table reflecting the type and volume of legal work performed during fiscal year 1952.

1. Farm Credit Administration Programs: In addition to furnishing day-to-day legal services to the Governor, the four Commissioners and members of their staffs in the administration of the Farm Credit System and coordinating the work of the twelve district general counsel, the following subjects received special attention during fiscal year 1952:

   a. Special problems incident to the mineral disposal program of the Federal Farm Mortgage Corporation pursuant to Pub. L. 760, 81st Congress.

   b. Study of facts and law preliminary to the trial of a suit brought by a production credit association against a bonding company to recover under the uniform Blanket Bankers' Bond employed in the 12 farm credit districts.

   c. Application to farm credit organizations of the Fair Labor Standards Act, regulations of the Wage Stabilization Board, credit controls by the Federal Reserve Board under Regulations X and W, and Foreign Assets Control Regulations.

   d. Study of the facts and law involved in transactions of an employee in mineral rights reserved by the

Federal Farm Mortgage Corporation preparatory to possible civil action to enforce rights of the Corporation.

e. Study of tax laws applicable to production credit associations when they have retired all Government capital.

f. Problems involved in the sale of a sugar refinery acquired in the collection of loans by banks for cooperatives.

g. Problems relating to farmers' cooperatives including problems arising from amendments to the income tax law.

h. Preparation of digests of State laws relating to investment of funds in farm loan bonds, Federal intermediate credit bank debentures, and debentures of the Central Bank for Cooperatives.

i. Analysis of the proposed "Farm Credit Act of 1952".

j. Reviewed and in some cases drafted proposed legislation relating to various phases of agricultural credit, such as a proposed amendment of the statute relating to the purposes for which loans may be made by Federal land banks, proposed amendment relating to salary limitations, and proposal for certain tax exemptions for newly formed cooperative associations.

2. Farmers Home Administration Programs: In fiscal year 1952 the liquidation of the transfer agreements with the State rural rehabilitation corporations continued to be a major item of legal work. This involved negotiations for the return of the assets to the corporation, the retransfer to the Secretary under new agreements, and the preparation or approval of State legislation where the corporations had ceased to exist, all as required by Public Law 499, 81st Congress. A marked increase in cases referred for collection was experienced. Other examples of recent developments involving legal services are as follows:

a. Formulation of a plan whereby corporation trust funds were made available for loans under the insured mortgage program under Title I of the Bankhead-Jones Farm Tenant Act.

b. Final liquidation of defense relocation corporations as a result of Comptroller's opinion permitting the obligations of such corporations to the Government to be charged off upon conveyance of all the Corporation's assets to the Government.

c. Complicated legal problems under Public Law 760, 81st Congress, 2d Sess., relating to the disposition of

reserved minerals.

d. Special problems arising out of applications for Farm Ownership and Farm Housing loans to Indians whose land is held in trust and for a Water Facilities loan to an Indian tribe.

3. Commodity Credit, Section 32 and School Lunch Programs: Legal services in connection with activities of the Commodity Credit Corporation involving price support, supply and foreign purchase, export (including wheat pursuant to the International Wheat Agreement), and storage facilities programs have been demanded at an increasing rate including such items as the following:

a. Legal services were furnished during fiscal year 1952 in connection with 977,202 loans, purchase agreements entered into covering commodities with a price support value of $48,500,000 and exchange contracts entered into calling for delivery of strategic and critical materials produced abroad with a value of over $40,000,000 in exchange for grain.

b. As of June 30, 1952 there were 3,733 claims, involving disputed issues of law and fact, by or against the Commodity Credit Corporation under consideration by this office or in litigation status. During fiscal year 1952, 681 new cases in litigation, some of which contain more than one claim, were referred to the Department of Justice -- 1,114 cases involving approximately $25,000,000 referred to the Department of Justice were pending as of June 30, 1952.

c. Examples of recent litigation: Illustrative of the novel and varied legal issues presented in such cases as those mentioned above are as follows:

United States v. Burrus Mills, Inc. was brought to determine if the loss resulting from flood damage to grain in certain Kansas City warehouses is to be prorated among all of the receipt holders or whether such loss shall fall upon only the holders of the oldest warehouse receipts on the basis that such grain was "out of condition" within the meaning of Kansas statutes. This is a case of first instance and could make a difference of approximately $200,000 in the amount of ultimate loss sustained by the Commodity Credit Corporation through such flood damage.

United States v. Guy W. Capps, Inc. this is an action as third-party beneficiary, for $150,468 damages to the potato price support program, against an importer who sold to a retail food store chain Canadian seed potatoes despite a provision in the importer's purchase contract with Canadian exporter pursuant to U. S. - Canada

Executive Agreement, which restricted the importer's sales of such potatoes to sale for seed purposes only. This is one of a number of such cases and is the test case to determine whether such an Executive Agreement affords effective protection to a domestic agricultural price support program against imports of foreign commodities. The Government was successful in the Federal district court on issues involving the application of third-party beneficiary principle and the validity of such Executive Agreement. The Government, however, was unsuccessful in its contentions that it was the importer's contractual duty in selling such potatoes to affirmatively restrict them for use for seed only and that estimated program losses are damages directly resulting from the importer's breach of this duty. The trial court's judgment is being appealed by the Government to the United States Court of Appeals for the Fourth Circuit.

Suits by twenty-six rice millers have been instituted in the Court of Claims. During the period from September 24, 1946, through November 17, 1946, various millers delivered rice to Commodity Credit Corporation under contracts, which provided that the selling prices should be the ceiling prices when shipments were made. Ceiling prices on rice had been increased on September 24, 1946, and were again increased on November 18, 1946. The petitioners assert that they were compelled to enter into the contracts by War Food Order No. 10, the deliveries during the period constituted a "taking", and "just compensation" would be the ceiling prices as revised on November 18, 1946, so that they are entitled to the difference between such prices and the amounts paid under the contracts, on the basis of the ceiling prices established on September 24, 1946.

Grain Shortage Cases. In this category are grouped all cases involving shortages of Commodity Credit Corporation grain stored in warehouses which were due to conversion and quantity and quality deficiencies. In the aggregate, this group of cases is the most important Commodity Credit Corporation litigation now being handled. As of October 1, 1952, over 85 such cases were pending which had been referred by this office to the Department of Justice. In 43 of these cases civil or criminal action had been instituted.

It is anticipated that additional cases of this nature will be referred by Commodity Credit Corporation to this office for legal handling in the near future. Many of these cases involve complicated and lengthy proceedings in bankruptcy and receivership as well as criminal action against the warehousemen found to have wilfully converted grain. The multiplicity of interested persons

with conflicting interests will necessitate, in many of these cases, the bringing of several actions in different jurisdictions involving a large number of parties. Numerous legal issues have been presented in these matters, including, among others, questions as to the liability of the warehouseman and the proper measure of damages, the responsibility of the surety and insurance companies in such circumstances, the answerability of innocent purchasers for the grain converted, the proration with other depositors of any grain remaining on hand, and the right of Commodity Credit Corporation to priority in the general assets of the warehousemen in the event of insolvency.

d. Examples of recent appellate litigation: This office is charged with the responsibility of preparing the briefs and submitting oral argument in litigation in the appellate courts in connection with Commodity Credit programs in such cases as the following examples:

In Field Packing Company v. Commodity Credit Corporation, the Department was successful in the United States Court of Appeals for the Sixth Circuit in contending that the statute of limitation in the Commodity Credit Corporation Charter Act is prospective only and not retroactive. In this case the Department recaptured money that had been paid to the Field Packing Company during periods in which the company was in violation of the set aside order for cheddar cheese. The identical question, decided in the Field Packing case, as to the construction of the statute of limitation in the Commodity Credit Corporation Charter Act is now before the Court of Appeals for the First Circuit in the case of United States v. Lindsay, et al.

In St. Paul Mercury Indemnity Company v. United States, in the U. S. Court of Appeals for the Tenth Circuit, the issues relate to the alleged liability of a surety on a public warehouseman's bond with respect to wheat owned by the Commodity Credit Corporation which was damaged in storage and part of it converted. Numerous issues are presented as to whether the surety is liable, and if so whether the surety is also liable for interest on the principal amount.

4. Production and Adjustment: Legal services rendered in connection with the Federal Crop Insurance Corporation, sugar quota and payment program, agricultural conservation program, naval stores conservation program, International Wheat Agreement, renegotiation of trade agreements, application of the General Agreement on Tariffs and Trade to the departmental programs involved such items as the following examples.

a. Legal services in connection with farm marketing quota and

acreage allotments in effect with respect to the 1952 crop of peanuts and 5 kinds of tobacco.

b. Legal aspects of the development of marketing quota programs for the 1952 tobacco, cigar-filler tobaco (type 41), and Maryland type tobacco -- quotas were however, disapproved in producer referenda.

c. Litigation in connection with a large number of cotton marketing quota cases referred to this office resulting from efforts of administrative officials to dispose of all remaining cases under the 1950 cotton marketing quota program and cases involving violation of the peanut marketing quota program.

d. An increase in the drafting of regulations and contracts and handling of claims for indemnities under an expanded crop insurance program. The number of county insurance programs offered increased from 801 in 1951 to 862 in 1952 with a slight increase in the number of policy holders.

e. Legal services in connection with the collection of delinquent crop insurance premiums.

f. Drafting several proposed amendments to the Agricultural Adjustment Act of 1938, as amended, and the Soil Conservation and Domestic Allotment Act, as amended.

g. Recent appellate litigation: This office is charged with the responsibility of preparing the briefs and submitting oral argument in litigation in the appellate courts in connection with production and adjustment programs in such cases as the following example:

In Lee v. Roseberry, et al., in the U. S. Court of Appeals for the Sixth Circuit, the issues relate to the validity of certain tobacco acreage allotments under the Agricultural Adjustment Act of 1938, and also whether the minimum acreage allotment provisions in that statute relative to Burley tobacco are constitutional. The various issues in the case are of wide concern in the administration of the Burley tobacco marketing quotas and acreage allotments under the statute.

5. Forestry and Lands Programs: Legal work performed in connection with the administration of the national forests; Forest Service cooperative programs; land acquisition programs; the submarginal land programs; flood prevention surveys and reports and works of improvement; the planning and budgeting of flood prevention programs; the program for emergency restoration of channel capacity in tributary stream channels and waterways; the supplemental report on the Missouri River Basin Agricultural program;

comprehensive improvement programs in the Columbia River Basin area, the Arkansas-White-Red River Basins, and the New England-New York area; legislative proposals for carrying into effect the recommendations contained in the report of the President's Water Resources Policy Commission; water conservation and utilization projects; and the soil conservation districts program involved such developments and activities as the following examples:

a. An increased volume of legal work in connection with the application of the mining laws to national forest lands withdrawn from the public domain.

b. Legal assistance in the revision of the timber sale contract form used by the Forest Service. This represents the first complete revision undertaken in many years.

c. Legal assistance in making final award of a contract of sale of timber in the Tongass National Forest, Alaska, to the Ketchikan Pulp Company involving approximately 1,500,000,000 board feet of timber to be cut within 50 years.

d. Drafting or review of proposed legislation and legislative reports covering forest, range, and watershed research programs.

e. Legal assistance in the preparation of grazing regulations promulgated by the Secretary under the authority of the Act of June 4, 1897 (30 Stat. 35; 16 U.S.C. 551) and Sections 12 and 18 of the Granger-Thye Act of April 24, 1950 (64 Stat. 85, 87; 16 U.S.C. 580h, k).

f. Legal assistance in the prosecution of several similar suits, one of which involved an action to enjoin defendants from operating aircraft over a wilderness area in a national forest in violation of an Executive Order which established an airspace reservation over the area.

6. General Legal Services Division: Furnishing legal advice and assistance in connection with general departmental administration included such recent developments as follows:

a. Questions requiring legal research and interpretation were presented because of administrative concern with certain aspects of the numerous authorities under which the Department operates including the following: (1) the application of the Act of October 24, 1951 which increased the basic rates of compensation; (2) termination of World War II brought about by the Treaty with Japan required a study of legislation affecting the Department with provisions contingent in some way upon this event; and (3) the standard contract clause and questions as to the interpretation of the four-year limitation on contracts

as they relate to the Department's activities under the Research and Marketing Act.

b. Legal work occasioned by new legislation, including the appropriation by Congress of funds necessary to proceed with the foot and mouth disease laboratory presented new problems in connection with the public hearings held to determine the laboratory location and in connection with contracting for the new laboratory buildings. The "Smokey Bear" law requires preparation of commercial licenses and the enforcement of the restrictions on the use of the symbol "Smoky Bear" in forest fire prevention work.

c. Recent Litigation: A major activity of the Division during the past year was a complete resurvey of all criminal matters of the Department involving personnel for the three-year period prior to March 1952. All such cases had to be reexamined whether or not there had been a prior disposition. Many new cases were referred by bureaus for analysis and numerous conferences and consultations were had with the Justice Department. Assistance was given to the Department of Justice in presentation to grand juries and preparation for trial of several important cases in which indictments were returned or subsequent convictions or pleas of guilty were obtained.

Litigation under the Tort Claims law required considerable attention. In one important case, Thompson v. United States, U.S.D.C., E.D. of Washington, Civil Action No. 564, May 1952, the Government was held responsible for damage allegedly due to aerial spraying operations in combating forest insects. If this decision remains controlling it will have an important impact on the conduct of various aerial spraying activities, since fundamental changes may be required in the work because of the potential liability for damage.

7. Marketing and Regulatory Laws: There was a marked increase in the legal work performed during the fiscal year 1952 in connection with the many regulatory laws administered by the Department which has continued through the first quarter of fiscal year 1953, as indicated by the following examples:

a. During fiscal year 1952, 52 hearings on new programs and amendments to existing marketing agreements and order programs were held, representing an increase of approximately 13 percent over the number of such hearings during the previous fiscal year. Six new orders were made effective, 4 terminated, and 2 consolidated, resulting in 75 active programs (45 milk and 27 in the fruit, vegetable, nuts, tobacco and hog cholera-serum and virus field) at the close of the fiscal year. At the end of the year there were 6 new orders awaiting final action. Court actions involving these programs numbered 79, an increase of over

14 percent. Grade, size and other regulations increased from 321 to 373. The number of orders, rules, opinions, memoranda, pleadings, briefs, letters and other documents increased from 4,269 to 5,391.

b. During fiscal year 1952, the license fees under the Perishable Agricultural Commodities Act were increased and placed in a revolving fund to defray administrative expenses other than legal expenses. This action made available increased funds for investigations and processing of actions under the Act which has resulted in increased legal work, in connection with disciplinary proceedings and other administrative proceedings under the program. 224 cases were instituted under this Act during the fiscal year 1952 as compared with 170 during the previous year. There was an increase in the number of cases pending at the end of the year from 132 in 1951 to 154 in 1952.

c. Administrative Proceedings under the Packers and Stockyards Act participated in by the office increased substantially, 49 hearings being held representing an increase of 250% over the number of hearings during fiscal year 1951. At the same time, 65 cases were analyzed and transmitted for criminal prosecution representing an increase of 75 percent in the number of such cases.

d. Recent trends in this field of legal work are illustrated by the following:

There is presently pending an administrative proceeding involving a comprehensive appraisal of the complicated marketing problem of the New York, New Jersey milk marketing area which to date has involved over two months of hearings with thousands of pages of records to be analyzed. During the latter part of fiscal year 1952, two cases were instituted challenging the validity of major provisions of the New York milk order. The office is at present engaged in the comprehensive factual and legal preparation required because of the importance of the issues involved, not only as they relate to the New York market but to this general field of government regulation.

During fiscal year 1952, and the first quarter of 1953, milk marketing orders were made effective in numerous new and distant areas resulting in a substantial increase in the travel required of attorneys in handling administrative proceedings and litigations arising under such programs. The increase in the number of these programs has created problems of inter-market relationships resulting in more frequent administrative proceedings and amendments. The completion of an extended investigation and survey re-

lating to cooperative payments under the New York milk order has resulted in 15 administrative proceedings regarding suspension of such payments.

The spread of vesicular exanthema throughout the United States, formerly having been substantially confined to the State of California, has resulted in the imposition of quarantines in various areas throughout the country to protect the swine population of the country. These original quarantines and the frequent amendments thereto have resulted in a substantial increase in the volume of legal work during the latter part of the fiscal year 1952 and the first quarter of fiscal 1953.

The increase in the voluntary and mandatory use of official standards in the commerce of the country has resulted in the necessity of promulgating standards for new commodities and more frequent amendments to existing standards, with resultant increases in the legal work required. The increasing importance of the availability of inspection service in the conduct of business, and the importance of grade certification in price determination has resulted in an increase in the administrative proceedings in matters of denial of inspection service.

e. Recent appellate litigation: This office is charged with the responsibility of preparing the briefs and submitting oral argument in litigation in the appellate courts in connection with marketing and regulatory laws in such cases as the following examples:

In Brannan v. Stark oral argument was presented before the Supreme Court involving the validity of the cooperative payment provisions in the Boston milk order, under the Agricultural Marketing Act of 1937. The Supreme Court upheld the decision of the U. S. Court of Appeals for the District of Columbia, 181 F. 2d 871.

In Weldon v. Interstate Commerce Commission, this office filed a brief amicus curiae on the question as to whether a "raw shelled peanut" is an agricultural commodity as distinguished from a manufactured product. This issue, however, was later abandoned by the appellant and the case was affirmed without opinion by the U. S. Court of Appeals for the Sixth Circuit.

In Moore v. Brannan, involving false reports and an attempt to manipulate the market price of lard in violation of the Commodity Exchange Act, and also the failure to file reports under the Act, the U. S. Court

of Appeals for the District of Columbia affirmed the findings of fact and ruling of the Judicial Officer and certiorari was denied by the United States Supreme Court. The case involved important questions of statutory interpretation, an issue under the due process clause of the Fifth Amendment to the Constitution, and also the scope of Judicial review under the Commodity Exchange Act. Under the ruling by the Judicial Officer the respondent's trading privileges on contract markets were suspended for a period of 90 days.

In the case of Secretary of Agriculture of the United States v. United States of America and Interstate Commerce Commission, et al., No. 36, in the Supreme Court of the United States, October Term, 1952, issues of far-reaching character are involved relative to the shipment of agricultural commodities by motor truck. The Secretary of Agriculture has the responsibility to intervene, under certain circumstances, in proceedings before the Interstate Commerce Commission relative to the regulation of the transportation of agricultural commodities, and under § 201 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. § 1291) in any such case "the Secretary shall have the rights of a party before the Commission and the rights of a party to invoke and pursue original and appellate judicial proceedings involving the Commission's determination." The Commission's rules in this case restrict the right of motor truck carriers to acquire additional vehicles by trip-lease, a normal and widespread practice in the industry. The prevailing practice is for agricultural haulers to trip-lease their motor trucks so as to avoid the necessity of the trucks making the return trips empty. The Commission's restrictions against trip-leasing will adversely affect the marketing of agricultural commodities, and the Secretary of Agriculture has appealed this case to the Supreme Court. The Attorney General is representing the Interstate Commerce Commission, and this Office has the responsibility of presenting the argument on behalf of the Secretary of Agriculture.

In Great Western Food Distributors, et al. v. Brannan, in the U. S. Court of Appeals for the Seventh Circuit, the issues relate to an alleged corner of the egg futures market in violation of the Commodity Exchange Act, and also to an alleged unlawful manipulation of the price of egg futures contracts on the Chicago Mercantile Exchange. The numerous issues are of wide importance under the Commodity Exchange Act.

In Brannan v. Kass, No. 300, in the Supreme Court of the United States, October Term, 1952, the issues on this petition for certiorari relate to the validity of

certain provisions in the New York milk order under the Agricultural Marketing Agreement Act of 1937. The question of authority to require certain exactions on non-pool milk is a question of wide applicability to the various milk orders throughout the country.

8. Rural Electrification and Telephone Programs: Legal services performed in connection with the rural electrification and rural telephone programs relating generally to loans and security therefor and construction and operation of borrowers' systems have increased and become more complex. These services involved such items as the following examples of recent developments and litigation:

a. The demand for rural telephone loans is continuing and has attained such volume that it has become necessary to postpone many legal services which are required prior to the construction and operation of the borrowers' systems. In attempting to keep pace with the REA in respect of the new loans, the concentration on the preparation of these documents has left a large number of legal details which must be completed prior to the advance of the funds to the borrowers. The preparation and execution of the numerous loan and security documents is merely the first step in the legal commitment of loan funds. Individual approval in respect of each loan by public service commissions, involving one or more of the following: the granting of certificates of convenience and necessity, approval of the issuance of securities and obligations, rates, service, etc. is necessary in most jurisdictions. Requests for legal assistance in connection with the commission proceedings have been fulfilled only in isolated cases of the utmost urgency. Perfection of the borrowers' corporate organizations, clearance of title defects, and the obtaining of proper franchises and rights-of-way, which are normally prerequisite to the advance of loan funds to the borrowers, also have been delayed.

b. Numerous regulatory commission proceedings and intricate acquisitions were involved in many of the loans. Though the dollar value of new rural electrification loans in fiscal year 1952 was less than the preceding year, there was increased legal activity in respect of loans and loan proposals involving complex problems, particularly those relating to; (a) generation and transmission loans, (b) involving pooling arrangements with other agencies, and (c) encountered in extending electric service into the thinner and pocketed areas. Moreover, the legal work relating to loan servicing work continued its increase as the cumulative total of loans since the inception of the program increased during fiscal year 1952 to more than 2.5 billion dollars. The construction work in progress continued at a high level with the additional important

workload imposed on this office in connection with the interpretation of various regulations issued pursuant to the Defense Production Act with respect to credit, price and materials controls. The current price and materials situation also increased the legal workload sharply with respect to the drafting of special contractual provisions relating to price escalation, deliveries, and compliance with applicable regulations and controls, and with respect to negotiations with suppliers.

c. Recent litigation: In the protection of the Government's security interests and the furtherance of the objectives of both the rural electrification and rural telephone programs, assistance was rendered to borrowers in litigation both in courts and before regulatory bodies in a wide variety of matters. Worthy of special note, because of their complexity, program importance and the extent of their demands upon personnel, the following examples of court and public service commission cases affecting the Government's interests in the rural electrification program played a significant part in the work of the office during the year:

Still pending in the U. S. District Court for the District of Columbia is the suit filed by ten Midwestern power companies to enjoin further action by the Secretary of Agriculture, the Administrator of REA, and other Government officers, in connection with loans aggregating about $50,000,000, for the construction of electric generation and transmission facilities involved in lease and power interchange agreements between REA borrowers and Southwest Power Administration. Basic questions as to the scope of the lending power under the Rural Electrification Act are involved in this litigation. Motions for summary judgment, preliminary injunction, delineation of issues for a limited separate trial, depositions and motions for production of documents, pretrial conferences, were among the developments in this litigation during fiscal year 1952. Separate trial of the issues is now in progress.

An application of East Kentucky Power Cooperative for certificates of convenience and necessity authorizing the borrowing by the cooperative of $12,265,000 from REA and the construction of a generating plant and transmission lines, which had been granted by the Kentucky Public Service Commission and affirmed by the Kentucky Circuit Court, will again be before the commission as a result of a decision by the Kentucky Court of Appeals. The Court of Appeals affirmed the decision of the Commission and the lower court with respect to the generating plant, but remanded the case to the Commission for additional findings on the question of whether each transmission line proposed to be con-

structed by the cooperative would duplicate existing transmission facilities.

The Supreme Court of Arkansas, affirming the decision of a lower court, held that a rural electric cooperative could not continue to serve its members in an area recently annexed by a city, the population of which was in excess of 2,500 persons.

Two Arkansas public utility companies obtained from The Arkansas Public Service Commission a cease and desist order against the construction by N. W. Electric Power Cooperative, Inc., an REA borrower, of the Arkansas part of its transmission line extending from Bull Shoals Dam in Arkansas to its proposed steam generating plant in Missouri, without first obtaining from the Arkansas Commission a certificate of convenience and necessity. The cooperative obtained a temporary injunction against the Commission from the Federal District Court on the ground that such Commission action was an unconstitutional interference with interstate commerce. Thereafter, the Commission dismissed the complaint of the public utility companies.

Also in Arkansas, a circuit court enjoined Arkansas Electric Cooperative Corporation from taking any steps in furtherance of its plan to construct generating and transmission facilities pursuant to an REA loan in the amount of $10,558,000. The Arkansas Public Service Commission had previously granted a certificate of convenience and necessity to the cooperative covering the proposed construction. On appeal to the Supreme Court of Arkansas the injunction was modified to prohibit only the construction or letting of contracts for the construction of the proposed system. The circuit court then vacated the Commission's order granting the certificate, and an appeal on the merits is now pending before the Arkansas Supreme Court.

The Supreme Court of Missouri, in a decision reversing the Springfield Court of Appeals, held that the Board of Public Works of Rolla, Missouri, was not authorized to execute a wholesale power contract with Sho-Me Power Corporation, an REA borrower. It therefore held the contract under which Sho-Me had been serving the city invalid.

The New York Court of Appeals, reversing the decision of an intermediate appellate court, upheld the right of Delaware County Electric Cooperative, an REA borrower, to have its condemnation claim, in an amount in excess of one million dollars, heard and determined by commissioners of appraisal.

U. S. DEPARTMENT OF AGRICULTURE
Office of the Solicitor

TYPE AND VOLUME OF LEGAL WORK PERFORMED - JULY 1, 1951 - JUNE 30, 1952

	Agricultural Credit		Com. Credit Prod. & Adjust. Prog.		Lands, For., Res. & Gen. Legal Serv.		Mktg. & Reg. Laws		Rural Elec. & Tel. Prog.		Total	
	Hours	Work Units	Hours	Work Units	Hours	Work Units	Hours	Work Units	Hours	Work Units	Hours	Work Units
Administrative proceedings, including proceedings before Federal, State and other regulatory bodies or commissions.....	6	-	545	32	522	12	44,925	401	1,350	-	47,348	445
Court proceedings - civil actions..	9,753	5,978	22,815	1,992	3,721	322	10,794	237	3,257	-	50,340	8,529
Court proceedings - criminal actions.....	1,005	988	4,527	440	898	81	3,992	162	4	-	10,426	1,671
Claims (prior to institution of court proceedings).....	2,381	1,143	13,708	2,449	4,433	753	125	41	-	-	20,647	4,386
Opinions and legal memoranda prepared.....	11,482	6,819	5,831	1,808	6,981	1,799	1,973	246	4,548	-	30,815	10,672
Title documents prepared or approved.....	3,813	3,516	64	65	11,221	4,047	-	-	-	-	15,098	7,628
New loans.....	18,697	10,673	60	20	4	1	-	-	24,719	428	43,480	11,122
Servicing outstanding loans.....	24,978	-	3,221	-	29	-	5	-	24,248	-	52,481	-
Legal work relating to proposed legislation.....	729	-	506	-	2,078	-	147	-	254	-	3,714	-
All other legal work.....	27,888	-	26,484	-	38,451	-	11,336	-	9,863	-	114,022	-
Total.....	100,732	29,117	77,761	6,806	68,338	7,015	73,297	1,087	68,243	428	388,371	44,453

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS
AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Agricultural Marketing Act, Agriculture (Office of the Solicitor): For legal services incident to research and marketing activities	$4,932	$5,000	$5,000
Disaster loans, etc., revolving fund, Department of Agriculture (Office of the Solicitor): For legal services in connection with disaster loans, fur loans, and the liquidation of the Regional Agricultural Credit Corporation assets	15,915	16,300	16,300
Working Fund, Agriculture, Office of the Solicitor, Advance from Bureau of Animal Industry: For legal services to assist in the program for the control of foot-and-mouth disease conducted cooperatively by the United States and the Republic of Mexico as may be mutually agreed upon	13,516	3,000	- -
Salaries and Expenses, Defense Production Activities, Agriculture (Office of the Solicitor): For legal services in connection with defense production activities	40,926	35,000	-

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Obligations Under Reimbursements From Governmental and Other Sources	14,190	1,400	1,400
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	89,479	60,700	22,700

OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Purpose Statement

The Office of Foreign Agricultural Relations serves the interests of United States farmers by collecting facts and reporting conditions in foreign countries which affect the markets for American farm products. Through agricultural attaches serving in the Foreign Service of the United States, and to a lesser extent through a limited number of its own commodity specialists assigned abroad, the Office undertakes to maintain constant contact with foreign crop and livestock production, and with market demand situations in all countries of the world where these conditions have an important bearing on U.S. markets. Information so gathered is analyzed, interpreted, and distributed to United States agricultural producers and to individuals and firms engaged in agricultural foreign trade. It is used also as background for those persons taking part in the planning of foreign programs in the agricultural field, such as technical assistance programs, and various aspects of the defense program. It is likewise supplied to the Congress for use in the formulation of United States agricultural policy and to other agencies of the Executive Branch for use in the administration of programs related in any way to agriculture.

The Office represents the Department of Agriculture in the negotiation and implementation of trade agreements and international commodity agreements, and on inter-agency and interdepartmental committees concerned with the foreign policies and programs of the United States in economic development and financial matters. Similarly this Office advises the Secretary on questions involving foreign trade policy, such as export subsidies, import and export restrictions, tariffs and customs regulations.

The Office also participates in the administration of the agricultural portion of the foreign assistance program (Point IV) with funds provided under the Mutual Security Act of 1951. This work involves (1) the direction of training programs for foreign agricultural leaders, and (2) the provision of scientific and technical services to cooperating countries to aid in management of agricultural stations, improve public service in agriculture, and conduct research projects.

On November 30, 1952, employment totaled 563, of which 245 were outside the continental United States. Of the total employment, 121 were chargeable to the appropriation for Salaries and Expenses, and 442 to allocations from other agencies and accounts.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds	$613,124	$685,000 $673,000

Salaries and Expenses

Appropriation Act, 1953	$615,000
Reduction pursuant to Section 411	-1,876
Adjusted appropriation, 1953, and base for 1954	613,124
Revised Budget Estimate, 1954	673,000
Increase	+59,876

SUMMARY OF INCREASES, 1954

For checking the performance of foreign countries on agreements regarding imports of United States agricultural products, and for instituting action to obtain compliance, where necessary, including preparation for and participation in annual consultations on import restrictions and discriminations under the General Agreement on Tariffs and Trade	+59,876

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 Revised (estimated)
1. International agricultural trade	$334,406	$343,244	+$59,876(1)	$403,120
2. Foreign production and consumption of agricultural products	262,747	269,880	- -	269,880
Unobligated balance.....	17,847	- -	- -	- -
Total available or estimate	615,000	613,124	+59,876	673,000
Reduction pursuant to Section 411	- -	+1,876		
Total appropriation or estimate	615,000	615,000		

INCREASE

(1) An increase of $59,876 under the project "International agricultural trade" for checking the performance of foreign countries on their agreements regarding imports of United States agricultural products, and for instituting action to obtain compliance, where necessary, including preparations for and participation in annual consultations on import restrictions and discriminations under the General Agreement on Tariffs and Trade.

Need for Increase: The United States has reciprocal trade agreements with most of the foreign countries that buy its agricultural products. Such agreements are currently in effect with 45 foreign countries--13 bilaterally and 32 under the GATT (General Agreement on Tariffs and Trade). In these agreements, the United States reduces certain of its import duties on industrial and agricultural products in return for reductions in duties and trade restrictions of foreign countries.

The Foreign Agricultural Service checks on performance under these agreements and on their impact on markets for U. S. agricultural products. Beginning in 1953 and extending through 1954, the GATT consultations call for intensified activity in this field. The increasing number of countries involved in trade agreements has enlarged the responsibilities of the Foreign Agricultural Service which has been designated as the agency of the Department of Agriculture to follow tariff, trade agreement legislation, and other governmental policies of foreign countries to see that they do not discriminate against imports of U. S. agricultural products. When noncompliance by a foreign country is found or suspected, efforts are directed toward the establishment of appropriate compensatory action by the United States or correction of the noncompliance situation. The Office must prepare a detailed analysis and assemble proof of noncompliance for all agricultural items. To determine whether a foreign country is doing its best to correct exchange difficulties, as the agreements require, complex economic and financial analysis is necessary. Part of the problem is to bring to bear on other agencies in the United States Government, as well as on international agencies, the force of Agriculture's interest in obtaining compliance.

Beginning in 1953, governments in the GATT are required annually to justify continuing restrictions or discrimination against foreign products. This is to be done through consultations with participating governments. Cases must be prepared months in advance by the Office for use by U. S. representatives. This work, which must receive much greater emphasis in 1954, represents an unusually heavy workload for the Office.

Plan of Work: The proposed check on the compliance under foreign trade agreements will require 7 fully qualified agricultural economists familiar with international trade and financial policies, together with clerical assistance to follow the foreign trade and international financial conditions of the foreign members of GATT. Two economists would be assigned to follow trade relations with member countries of continental Europe, two with the British Commonwealth countries and one each to countries of the Far Eastern, the Middle Eastern and Latin American areas. Checking compliance involves an extensive study of the trade statistics of foreign countries and will require the services of two clerks in addition to the services of the economists.

Salaries and Expenses

Appropriation Act, 1953	$615,000
Reduction pursuant to Section 411	-1,876
Adjusted appropriation, 1953, and base for 1954	613,124
Budget Estimate, 1954	685,000
Increase	+71,876

SUMMARY OF INCREASES, 1954

For checking the performance of foreign countries on agreements regarding imports of United States agricultural products, and for instituting action to obtain compliance, where necessary, including preparation for and participation in annual consultations on import restrictions and discriminations under the General Agreement on Tariffs and Trade	+59,876
For necessary assistance to foreign visitors other than those sponsored under economic and other foreign assistance programs	+12,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 (estimated)
1. International agricultural trade	$334,406	$343,244	+$71,876	$415,120
2. Foreign production and consumption of agricultural products	262,747	269,880	- -	269,880
Unobligated	17,847	- -	- -	- -
Total available or estimate	615,000	613,124	+71,876	685,000
Reduction pursuant to Section 411	- -	+1,876		
Total appropriation or estimate	615,000	615,000		

INCREASES

(1) The increase of $71,876 in this item for 1954 is composed of the following:

(a) An increase of $59,876 for checking the performance of foreign countries on their agreements regarding imports of United States agricultural products, and for instituting action to obtain compliance, where necessary, including preparations for and participation in annual consultations on import restrictions and discriminations under the General Agreement on Tariffs and Trade.

Need for Increase: The United States has reciprocal trade agreements with most of the foreign countries that buy its agricultural products. Such agreements are currently in effect with 45 foreign countries--13 bilaterally and 32 under the GATT (General Agreement on Tariffs and Trade). In these agreements, the United States reduces certain of its import duties on industrial and agricultural products in return for reductions in duties and trade restrictions of foreign countries.

The Office of Foreign Agricultural Relations checks on performance under these agreements and on their impact on markets for U. S. agricultural products. Beginning in 1953 and extending through 1954, the GATT consultations call for intensified activity in this field. The increasing number of countries involved in trade agreements has enlarged the responsibilities of the Office of Foreign Agricultural Relations which has been designated as the agency of the Department of Agriculture to follow tariff, trade agreement legislation, and other governmental policies of foreign countries to see that they do not discriminate against imports of U. S. agricultural products. When noncompliance by a foreign country is found or suspected, efforts are directed toward the establishment of appropriate compensatory action by the United States or correction of the noncompliance situation. The Office must prepare a detailed analysis and assemble proof of noncompliance for all agricultural items. To determine whether a foreign country is doing its best to correct exchange difficulties, as the agreements require, complex economic and financial analysis is necessary. Part of the problem is to bring to bear on other agencies in the United States Government, as well as on international agencies, the force of Agriculture's interest in obtaining compliance.

Beginning in 1953, governments in the GATT are required annually to justify continuing restrictions or discrimination against foreign products. This is to be done through consultations with participating governments. Cases must be prepared months in advance by the Office for use by U. S. representatives. This work, which must receive much greater emphasis in 1954, represents an unusually heavy workload for the Office.

Plan of Work: The proposed check on the compliance under foreign trade agreements will require 7 fully qualified agricultural economists familiar with international trade and financial policies, together with clerical assistance to follow the foreign trade and international financial conditions of the foreign members of GATT. Two economists would be assigned to follow trade relations with member countries of continental Europe, two with the British Commonwealth countries and one each to countries of the Far Eastern, the Middle Eastern and Latin American areas. Checking compliance involves an extensive study of the trade statistics of foreign countries and will require the services of two clerks in addition to the services of the economists.

(b) An increase of $12,000 to enable the Office to render appropriate services to foreign visitors.

Need for Increase: The foreign visitors who would be assisted under this item are those foreign government officials, scientists, business men, and students who enter the United States for the expressed purpose of consulting with experts, or studying agricultural or related subjects, and whose expenses while in the United States are provided by the individual, the commercial firms which employ them, the college or school for which they work, or the foreign governments which they serve. The period of time each such visitor is in consultation with representatives of the Department of Agriculture averages two and one-half weeks. The greatest number are governmental officials from Ministries of Agriculture, scientists from those ministries or colleges of agriculture, professors of agricultural schools, college students, and farmers. These persons are not sponsored under any of the U. S. foreign assistance programs, but have learned of U. S. advances in agricultural practices, research, credit, marketing, agricultural education, production of crops, livestock, and processed agricultural products. Thus, they turn to the U. S. Department of Agriculture for guidance in their search for greater knowledge of these matters. About 40 percent of these visitors come from Europe, 20 percent from Latin America, 20 percent from the Near East and South Asia, and 20 percent from North and South Pacific countries. In recent years, more than 70 countries and dependencies of the world have been represented. The workload has now reached such proportions that the Office is unable to render the necessary assistance without adversely affecting other important work. Serving such foreign visitors is considered an inherent and inescapable function of the Office. The data given below, by fiscal years, show the number of such visitors requiring attention in the Department of Agriculture.

Year	Number	Year	Number
1947	937	1951	2,025
1948	770	1952	2,100
1949	1,091	1953	2,200 est.
1950	1,407	1954	2,200 est.

STATUS OF PROGRAM

Current Activities: American agriculture is geared up to the export market to a degree unparalleled in our recent history. Since 1940, United States production of farm crops has increased 38 percent; exports in 1951 approximated $4 billion, which may have achieved an all-time high. These exports were 5-1/2 times in value and double in volume those of the 5 prewar years, 1935-1939. American agricultural exports have been substantially facilitated by economic aid. The reliance on such aid has diminished, however, to the point that in 1951 only 20 percent of our farm exports were paid for with aid dollars.

With shifts in the nature of economic aid, particularly with the emphasis being placed on building the defenses of the western world against communist agression, it is becoming increasingly difficult to maintain foreign markets for American farm products. United States cotton, tobacco, grains, fruits, lard, soybeans, dairy and other products have to compete for scarce dollars with the requirements of these countries for industrial and military items which are obtainable only in the United States. Because of these conditions, foreign governments are imposing an increasingly complex web of import and exchange controls primarily designed to conserve dollar exchange, turning where possible to non-dollar sources for agricultural imports.

The maintainance or expansion of export outlets can be assured only by increased efforts to study the individual foreign market situations including the exchange positions of the several countries and the regulations imposed by them, the actual or potential competition from non-dollar sources of supply. This situation appears to demand a return, in some degree, to the prewar type of operation formerly carried on by Office of Foreign Agricultural Relations, including the sending abroad of highly competent commodity specialists who are thoroughly acquainted with the production and trade problems involving these commodities in the United States and who are capable of analysing the complex foreign market situations for the guidance of the United States Department of Agriculture and the producers and exporters of these commodities.

Likewise, it appears essential to participate actively in negotiations in connection with the General Agreement on Tariff and Trade (GATT) to assure adequate representation and defense of the basic interests of American agriculture under this Agreement and the various trade arrangements with the participating countries. These activities reach their highest effectiveness if there is direct consultation with and frequent reporting to farmers and exporters.

Information obtained through these operations is made available to the public and to the interested producers and exporters not only through FOREIGN CROPS AND MARKETS, FOREIGN AGRICULTURE, FOREIGN AGRICULTURAL CIRCULARS, FOREIGN AGRICULTURE TRADE, the several regular publications of the Office, but is likewise brought directly to the producer and exporter groups through personal reports and consultation

by the analysts and marketing specialists on their return to headquarters in Washington. In this way farmers and exporters are provided with up to date information on foreign market possibilities and the competition which their products must face in those markets.

Selected Examples of Recent Progress:

1. Livestock: After the Secretary's announcement in January 1952 that the border would be open to importation of Mexican livestock on September 1, two members of OFAR's staff surveyed the livestock situation in Mexico and reported to United States livestock interests, indicating prospects for a fairly heavy initial movement, with a lowering of imports in succeeding years.

2. Tobacco: Western Europe has been a traditional market for U. S. tobacco--a market which has been well maintained since the close of the war. To assist in all possible ways in supplying information, making contacts with foreign monopolies and other purchasers, the Office has maintained a tobacco specialist in Paris under an allocation of funds from Research Marketing Act. The tobacco staff of the Office in Washington (financed from this appropriation) has supplied its foreign representative with the necessary information for these operations and in turn has informed the appropriate Government agencies, producer and trade groups with a view to expanding European outlets for American tobacco.

3. Cotton: In addition to publication of world summaries on production and international trade, an annual report on world cotton stocks was issued. This carry-over is a vital factor in the world price of cotton. A weekly report was issued showing the average export price per pound of competing cottons in specified foreign countries. This is a unique service to the American cotton trade in that it is available from no other source. It provides important guidance in the marketing of U. S. cotton.

4. Fats and Oils: The 1951 survey of fats and oils by Office of Foreign Agricultural Relations showed a new world record of production. It was significant in that the world per capita supply had been restored to the prewar level for the first time since the end of the war.

   This is a warning to U. S. producers of marketing difficulties to come. European oilseed crushers are shifting to Manchurian soybeans. At the same time European and Japanese crushers are complaining that the quality of American soybeans entering the export trade does not meet the grade standards certified in our grading certificates. Steps were taken to determine the basis for these complaints. A member of the staff attended the Congress of the International Association of Seed Crushers in Copenhagen this year. Upon his return he reported his findings to the soybean seed trade who are currently seeking a solution.

5. Grains: Exports of U. S. wheat and flour exceeded a half-billion dollars in value in 1950-51 and more than three-fourths billion dollars in 1951-52. A considerable part of this trade moved under the International Wheat Agreement. Office of Foreign Agricultural Relations supplied information on foreign production and consumption which was used in determining the U. S. wheat acreage goals, and in the programming of wheat shipments under the Agreement.

6. Rice: During the past year, American rice has found a market in Asia because of the decreased exports from the traditional rice exporting countries of Southeast Asia. Information on world production, trade, and requirements has been supplied to United States rice growers and exporters throughout the year. Looking to the continuance of exports to Asia and to bring about a mutual understanding of the problems involved, the Office brought together representatives of the United States rice industry and the Washington representatives of rice deficit countries of the area for a discussion of rice grades, standards, methods of sales, and other marketing problems.

7. Sugar: Because of the responsibility placed upon the Secretary of Agriculture under the Sugar Act in connection with U. S. sugar supply, it is necessary to keep abreast of foreign developments so that the U. S. sugar industry and the Government will have information and be prepared to cope with future problems. The trends for self-sufficiency for sugar around the world, bringing new land into sugar cultivation and the establishment of additional factories indicates that this commodity is rapidly approaching a world surplus situation. Office of Foreign Agricultural Relations followed these developments throughout the year, keeping the Department and the sugar industry informed.

8. Fruits, Vegetables and Nuts: The expanding production of fruits, vegetables and nuts throughout the world and changing conditions of trade emphasize the need for information on foreign developments in these fields. An appraisal was made of the potential production from new plantings of fruit trees in countries which formerly were important markets for these products. Production and marketing surveys of the Mediterranean citrus areas indicate a rapid expansion of output for the winter marketing season in Europe. A similar trend is evident for apples and pears in Western Europe.

   The increase in competitive supplies together with exchange and other trade problems, has increased the difficulties of recapturing for this country the European market for apples, pears, citrus and dried fruits. As a result of a continuous on-the-ground survey of the problem by RMA marketing specialists, new methods of training have been developed and some fruit has been moved into these important prewar markets. The Office has kept the fruit industry of the United States informed of the changing situation.

9. International Commodity Agreements: The Office took an active part in discussions relating to renewal of the International Wheat Agreement with the position that importing countries must be prepared to recognize the need for a substantial increase in prices for wheat in any extension

of the Agreement. The Office participated actively in developing a flexible price formula, designed to protect the United States against excessive subsidy payments due to market changes in the general level of world prices in the future.

Proposals for an International Cotton Agreement were examined from the standpoint of possible advantage to American producers, but without any commitment.

The Office has been preparing data for consideration of an International Sugar Agreement.

1010. Reciprocal Trade Agreements Program: The Office initiated and took a leading role in inducing the United Kingdom, under the non-discriminatory provision of the General Agreement on Tariffs and Trade, to take a fair share of United States apples instead of exclusively Canadian apples in its 1951--52 apple purchase program. The Office, as the representative of American agriculture in international negotiations of the Trade Agreements Program, successfully forestalled retaliation by dairy-product exporting countries during the 1952 fiscal year against the quotas imposed on imports of such products into the United States pursuant to Section 104 of the Defense Production Act. As a result of GATT negotiations conducted under the leadership of this Office in Torquay, England, and Havana, Cuba, the latter country raised by nearly 40 percent the low-duty quota on rice, the most important agricultural export to that country. Throughout 1951 and 1952, this Office pushed constantly for better treatment of U. S. agricultural products in controlled foreign markets.

11. International Agricultural Trade Analysis: The Office prepared and distributed a monthly analysis of the position of American agricultural products in foreign trade, to keep the Government, farmers, farm organizations and trade advised of the major developments behind the almost record level 1951 agricultural exports and imports. These developments in 1951-52 included an increased world dependence on U. S. wheat because of adverse weather abroad, increased United Kingdom imports of U. S. tobacco, and lard, and substantial exports of U. S. rice to Korea and Indonesia. The Office also reported the increasing reliance of foreign countries on their own financial resources for the purchase of U. S. agricultural products in view of diminishing U. S. economic aid.

12. Agricultural Production and Consumption in Western Europe: During the year, the Office succeeded in presenting the facts to provide for the Department an independent evaluation of the United States foreign aid programs in Western Europe. It was thus possible to determine requirements which led to heavier U. S. exports to this area.

13. Trends in Latin American Agricultural Production: The Office produced a new index of the agricultural production and consumption trends in Latin American countries which will be an important guide in measuring import requirements for agricultural products for this increasingly important market.

14. Trends in Agricultural Production in Southeast Asia: The Office during the year made an assessment of the food supply available to the people of Southeast Asia, thereby providing a degree of guidance to the U. S. rice trade, and incidental policy guidance respecting the measures essential to checking the spread of communism in this key region.

15. OFAR furnishes from its staff committee members on many Interdepartmental Committees, examples of which are:

Food and Agriculture Committees:

1. Interagency Food Committee and its Subcommittees: Grain Program, Fats & Oils, Rice Allocations, Fruits, Vegetables, Sugar, Beans and Peas.

2. U. S. - FAO Interagency Committee

International Relations:

1. National Advisory Council on International Financial and Trade Policies (NAC)

2. Interdepartmental Committee on Trade Agreements

3. Committee on Reciprocity Information.

Members of the staff of the Office also serve on the Foreign Trade Advisory Committee of the Bureau of the Census, the Interdepartmental Advisory Council, the USDA Land-Grant College Committee for Cooperations with Foreign Areas, and the National Research Council.

Foreign Service:

1. Board of Foreign Service
   To make recommendations to the Secretary of State concerning the functions, policies, duties, and management of Foreign Service Officers. This includes such subcommittees as Appointments and Assignments Board, Staff Board of the Board of Foreign Service and Committee on Foreign Reporting Services.

2. Board of Examiners for the Foreign Service
   To provide for and supervise the conduct of such examinations as may be given to candidates for appointment as Foreign Service Officers.

International Organizations on which the United States representation includes staff members of the Office are:

FAO Committees:

1. The FAO Long-Term Working Party

2. FAO Commodity Committee

International Commodity Committees:

1. Interagency Wheat Agreement Committee
2. International Cotton Advisory Committee
3. Interagency Sugar Agreement Committee
4. Interagency Wool Committee
5. International Rubber Advisory Committee

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Agricultural Marketing Act, Agriculture, (Office of Foreign Agricultural Relations):			
For developing foreign outlets for United States agricultural products and study of foreign competition with such products	$105,403	$115,900	$125,000
For appraisal of factors and trends in world demand for United States agricultural products	21,672	21,500	22,000
Total	127,075	137,400	147,000
Removal of Surplus Agricultural Commodities, (Office of Foreign Agricultural Relations):			
For obtaining information on foreign market developments and other data related to the international aspects of the work under Section 32 of the Act of August 24, 1935	49,165	50,000	65,000
Salaries and Expenses, Defense Production Activities, Agriculture, (Office of Foreign Agricultural Relations):			
To provide information on foreign agricultural production, supplies, and requirements in relation to the defense mobilization program	105,934	75,000	- -

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Working Funds, Agriculture, General (Office of Foreign Agricultural Relations) Advance From:			
Department of State:			
For training German leaders in the fields of Farm Youth Club organization and leadership ..	61,408	61,500	- -
For training leaders in the field of agriculture under the Educational Exchange Program..	14,504	- -	- -
For expenses incident to the foreign trainee program	332,430	538,885	- -
For economic and technical assistance to friendly nations under the mutual security program	1,073,502	5,263,292	- -
Department of Defense, Department of the Army:			
For conducting a training program for Japanese Agricultural leaders	11,420	- -	- -
For conducting a training program for Ryukyuan Agricultural leaders	14,226	- -	- -
Special Projects	33,734	- -	- -
Total	1,541,224	5,863,677	- -
Working Funds, Agriculture, Office of Foreign Agricultural Relations, (Special Fund):			
Advance from:			
Department of State:			
For conducting a training program in agriculture for Finnish Nationals	17,550	30,800	- -

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Mutual Security (Allocation to Agriculture) (Office of Foreign Agricultural Relations):			
For expenses incident to the foreign trainee program	2,618,691	447,938	- -
For preparing statistical information on agricultural conditions and food balances in countries participating in European Recovery Program	78,830	40,000	- -
For economic and technical assistance to friendly nations	1,809,935	- -	- -
Total	4,507,456	487,938	- -
Advances for Study Tour, Fighting Forest Fires (advanced from the Food and Agriculture Organization, United Nations) (Trust Fund):			
For providing a forest fire fighting training course to forestry officials of 26 other countries	33,000	- -	- -
Obligations Under Reimbursements from Governmental and Other Sources:			
Salaries and Expenses	110,842	107,600	107,600
Agricultural Marketing Act	10,140	- -	- -
Total	120,982	107,600	107,600
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	6,502,386	6,752,415	319,600

OFFICE OF INFORMATION

Purpose Statement

The Office of Information was established under its present name in 1925 as a consolidation of functions formally organized as early as 1889, to coordinate in the Department the dissemination of information useful to agriculture as directed by the Act establishing the Department of Agriculture in 1862.

The Office has general direction and supervision of all publications and other information policies and activities of the Department, including the editorial work, illustrating, printing and distribution of publications, clearance and release of press, radio and magazine materials, and the preparation and distribution of exhibits and motion pictures. The Office publishes the Yearbook of Agriculture, the annual report of the Secretary of Agriculture, the Department Directory, the Department List of Publications; handles all the details of distributing farmers bulletins allotted to Members of Congress; and services letter and telephone requests for general information received in the Department. It also produces motion pictures for department agencies and for other government agencies through reimbursements.

Regular employment as of November 30, 1952, totaled 187. The Office has no field employees, except part-time or intermittent workers for seasonal use in displaying exhibits at State fairs and similar agricultural activities.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds	$1,251,201	~~$1,300,000~~ $1,080,000

(Revised)

Salaries and Expenses

Appropriation Act, 1953		$1,259,000
Reductions pursuant to:		
Section 411	-6,424	
Section 412	-1,375	-7,799
Transfer in 1953 from "Administrative expenses, Commodity Credit Corporation"		+16,014
Base for 1954		1,267,215
Revised Budget Estimate, 1954:		
Direct appropriation	1,080,000	
Transfer from "Administrative expenses, Commodity Credit Corporation"	16,014	1,096,014
Decrease		-171,201

SUMMARY OF INCREASES AND DECREASES, 1954

Reduction in Farmers Bulletin reprints	-118,000
Reduction in size and content of Agriculture Yearbook	-65,000
Reduction in cook book ("Family Fare") reprints	-16,000
Elimination of large State fair exhibits	-40,000
Savings through improved management practices	-21,000
Revision of Farmers Bulletins and other Department publications	+48,799
Preparation and distribution of agricultural information by television	+40,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
1. General administration of Office of Information and Informational work	$26,976	$29,849	-849(4)	$29,000
2. Business service, including communications and records	59,557	57,139	-4,139(4)	53,000
3. Publications preparation, distribution and control	570,856	558,929	(1) -76,915(4)	482,014
4. Preparation and distribution of special reports and current information	359,523	364,681	(2) -82,681(4)	282,000
5. Preparation and distribution of agricultural information by exhibits	103,583	102,135	(3) -40,135(4)	62,000

(Continued on next page)

Project	1952	1953 (estimated)	Increase or Decrease	1954 Revised (estimated)
6. Preparation and distribution of agricultural information by radio	34,062	34,088	-1,088(4)	33,000
7. Preparation and distribution of agricultural information by television ..	- -	- -	+40,000(3)	40,000
8. Preparation and distribution of agricultural information to the press	53,063	46,883	-883(4)	46,000
9. Preparation and distribution of agricultural information by motion pictures .	66,153	73,511	-4,511(4)	69,000
Unobligated balance	5,484	- -	- -	- -
Total available	1,279,257	1,267,215	-171,201	1,096,014
Transfer from "Administrative Expenses, Commodity Credit Corporation"	-15,989	-16,014	- -	-16,014
Subtotal	1,263,268	1,251,201	-171,201	1,080,000
Reductions pursuant to Sections 411 and 412	- -	+7,799		
Total appropriation or estimate	1,263,268	1,259,000		

INCREASES AND DECREASES

The net decrease of $171,201 in this item for 1954 consists of the following:

(1) A decrease of $69,201 under the project, "Publications preparation, distribution and control," consisting of:

(a) A decrease of $118,000 in reprinting Farmers Bulletins. This reduction will be made by reducing bulletin quotas to each Member of Congress from 10,000 per year to 5,000 and printing fewer bulletin copies to support the reduced quotas. The remaining funds will be required to maintain stocks of bulletins presently listed for Congressional use and those revised by the end of the fiscal year 1953 and to print the 125 revisions planned for 1954.

(b) An increase of $48,799 to revise out-of-date farm bulletins. Many of the Department's publications are out-of-date. They lack information on recent research results or contain obsolete statistics or illustrations of livestock, crop, or other agricultural commodities or conditions. The importance of the Department's bulletins is indicated by their distribution (by request only) in the fiscal year 1952, as follows:

Item	All Publications	Farmers Bulletins
Publications distributed	38,704,489	9,048,460
Farmers Bulletins distributed on request of Members of Congress	- -	4,879,000

In the fiscal year 1952, conferences and a survey held with the subject matter agencies of the Department resulted in a definite program for the revision of bulletins by the agencies beginning in the fiscal year 1953.

This survey and the resulting revision program is approximately as follows:

Number of bulletins available for distribution		691
Number not needing revision due to adequacy of content	267	
Number to be discontinued	52	319
Number included in revision program		372

It is to be expected that a number of those not now needing revision will require bringing-up-to-date during the next three years.

The workload of this program, which is to cover a period of about three fiscal years, will fall on the Office of Information, beginning in the fiscal year 1954, in editing text, reviewing and adjusting illustrations, making up distribution schedules, and preparing for printing. The Office of Information has taken a leading part in arranging this program of revising old bulletins and has the responsibility of seeing that the program is properly carried out. Therefore, it is essential that the Office be in a position to meet these responsibilities.

Within presently available resources, the Office of Information is staffed to accomplish about 25 revisions per year. This requires one and one-half the time of a specialist to perform the several functions of editing text, reviewing and adjusting illustrations, making up distribution schedules, and preparing for printing. A revised bulletin in these processes involves a workload roughly equivalent to that for a new bulletin manuscript.

The new revision program which is now underway in the subject matter agencies involves about 100 revisions per fiscal year over and above the normal workload of approximately 25 revisions, or a total revision program of 125 per year.

Plan of Work: Technical publications and editing services, $18,799 -- The three-year program of revising out-of-date publications will require the services of a highly competent publications specialist versed in agriculture to make preliminary evaluations of out-of-date bulletins, collaborate with subject matter agencies to maintain the schedule of revisions, and generally to give leadership to the program. In addition, the program will require editorial, illustrations, and printing specialists to process the revised publications, giving special emphasis to greater brevity, economy, and clearer presentation of subject matter in the revisions.

Reprinting revisions, $30,000 -- The 100 revisions, in addition to the normal of 25 expected by the Office of Information in each of the three fiscal years 1954, 1955, and 1956, will cost about $60,000 per year to print. It is planned to utilize the proposed increase of $30,000, and to make an additional $30,000 available by adjustments in the amount presently available for reprints of publications. Economies will be effected by technical printing savings, such as changes in format, rearranging illustrations, and reducing number of pages; and by reducing the number of individual bulletins reprinted. For example, seasonal publications and others requested sporadically can be stocked on about a 9-months' rather than a 12-months' basis, thus saving some reprint funds each year. This will result in a temporary reduction of current total stocks of all publications in the first two years of the three-year revision program.

(2) A decrease of $81,000 under the project, "Preparation and distribution of special reports and current information," consisting of:

(a) A reduction of $65,000 in cost of publishing the Agriculture Yearbook will be effected by reducing the number of pages and illustrations and effecting technical printing economies. The number of copies for the House and Senate will remain the same.

(b) A decrease of $16,000 in the amount for reprinting the cook book, "Family Fare", will be effected by reducing the annual quota for each Member of Congress from 1,000 copies to 500 copies. To underwrite the quota, the 1954 reprint will be about 265,000 copies at an estimated cost of $20,000.

(3) A transfer of $40,000 from the project, "Preparation and distribution of agricultural information by exhibits" to the project, "Preparation and distribution of agricultural information by television," to provide essential support of the Department's research and other programs through the use of television.

Need for television services. Television is already an established means of informing farmers. Thirty percent of the farms within 75 to 100 miles of the presently operating television stations now have television receiving sets. Already 32 stations have farm directors who are regularly presenting farm television programs, and 31 State Extension Services have started programs on 50 stations. Many additional stations are carrying programs which portray to city people more effectively than has been possible in other media the significance of agriculture in the national economy.

In addition to the 149 television stations in operation, the Federal Communications Commission has provided for an eventual total of about 2,000 stations in the country and a number of these are already in course of construction.

Department information work has succeeded in large measures by the prompt adoption of the mass communication media as they have been evolved. This work began with printed bulletins. This Department was the first civilian agency to adopt the use of motion pictures. About the same time, exhibits became an accepted medium for the Department to use in reaching farmers. A quarter of a century ago radio work began.

The successful experience of the Department with radio points the way for using television as a working tool in reporting research and carrying on programs of the Department. In the field of radio, much of the almost universal use of radio for agricultural information stems back to leadership of this Office in working with radio networks and single station farm programs. The Department extended "know how" through one or two-man training staffs working directly with departmental field personnel and State and county extension workers. This same system should be followed in order to use television effectively in extending knowledge to farmers and consumers. Television is a specialized activity and therefore field workers should have instruction in its use.

Plan of Work: Approximately $20,000 of the proposed increase will be utilized to employ technical specialists for training and assistance to Department personnel and land-grant college workers in use of television and to plan programs of Department information on cooperating network programs. In order to provide assistance in the preparation of agricultural television programs the other $20,000 will be used principally for (1) visual aids for television programs; such as models or animated graphs to explain and demonstrate the latest findings in agricultural research, and (2) film footage in different lengths to fit program timing, either from new films or taken from motion pictures of past years.

Exhibits work: The release of $40,000 to be used for television services will be accomplished by elimination of showings of exhibits at State fairs and interstate fairs during the 1953 exhibition season (fiscal year 1954); by removing older exhibits from use, instead of attempting to renovate them for further circuit use; and by intensifying a program of exhibit cooperation just begun with State extension workers. This program will provide for loan of smaller exhibit structures and materials to State extension workers for their use as the backbone of State exhibit showings.

(4) A decrease of $21,000 due to improvement in management practices and miscellaneous savings distributed by financial projects as follows:

1. General administration of Office of Information and informational work	$849
2. Business service, including communications and records	4,139
3. Publications preparation, distribution and control	7,714
4. Preparation and distribution of special reports and current information	1,681
5. Preparation and distribution of agricultural information by exhibits	135
6. Preparation and distribution of agricultural information by radio	1,088
8. Preparation and distribution of agricultural information to the press	883
9. Preparation and distribution of agricultural information by motion pictures	4,511
Total decrease	$21,000

(a) The decrease of $21,000 will be made by proposed changes in management practices as the result of studies made during the current year. A reduction of 4 positions is proposed. One in the Fiscal Office will be eliminated because of improvements in fiscal procedures. Two positions in the Publications Distribution Section will be abolished in anticipation of a smaller number of publications to be distributed. Elimination of one position in the Motion Picture Service by reducing reports to Department agencies on film distribution and reducing work of evaluating agriculture films. The decrease also includes savings in miscellaneous expenses.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets);

1 For necessary expenses [in connection with the publications, index-
ing, illustration, and distribution of bulletins, documents, and
reports, the preparation, distribution, and display of agricultural
2 motion and sound pictures, and exhibits,] of the Office of Information
for the dissemination of agricultural information and the coordination
of informational work and programs authorized by Congress in the Depart-
ment, [$1,259,000] $1,080,000, together with such amounts from other
appropriations or authorizations as are provided in the schedules in the
budget for the current fiscal year for such expenses, which several amounts
not exceeding a total of $16,014, shall be transferred to and made a part
3 of this appropriation, of which total appropriation [amounts not exceeding
those specified may be used for the purposes enumerated as follows:
For preparation and display of exhibits, $102,735; for preparation,
distribution, and display of motion and sound pictures, $73,511;]
not to exceed $442,000 may be used for farmers' bulletins, which
shall be adapted to the interests of the people of the different
sections of the country, an equal proportion of four-fifths of
which shall be delivered to or sent out under the addressed franks
furnished by the Senators, Representatives, and Delegates in
Congress, as they shall direct (7 U.S.C. 417) and not less than two
hundred thirty thousand eight hundred and fifty copies for the use
of the Senate and House of Representatives of part 2 of the annual
report of the Secretary (known as the Yearbook of Agriculture), as
authorized by section 73 of the Act of January 12, 1895 (44 U.S.C.
4 241) [,$611,128]: Provided, [That additional funds for preparation
and display of agricultural motion pictures and exhibits relating
to the programs of the various agencies of the Department authorized
by Congress, not exceeding $150,000, may be transferred to and
made a part of this appropriation, from the funds applicable, and
shall be available for the objects specified herein: Provided
further,] ***

The first and second changes are for the purpose of simplifying and shortening the wording of the item. The proposed changes would in no way affect the nature or scope of the work being conducted.

The third change proposes the deletion of the limitations relating to the preparation, display, and distribution of exhibits and motion and sound pictures. This change is for the purpose of simplifying and shortening the wording of the item. The amounts obligated for motion pictures and exhibits would continue to be reflected separately in the schedule of obligations by activities.

The fourth change deletes the provision authorizing the transfer of additional funds for the preparation and display of motion pictures and exhibits. This language is no longer necessary since motion picture and exhibit work is now performed under the Working Capital Fund and regular reimbursement procedures.

Salaries and Expenses

Appropriation Act, 1953		$1,259,000
Reductions pursuant to:		
Section 411	-6,424	
Section 412	-1,375	- 7,799
Transfer in 1953 from "Administrative expenses, Commodity Credit Corporation"		+16,014
Base for 1954		1,267,215
Budget Estimate, 1954:		
Direct appropriation	1,300,000	
Transfer from "Administrative expenses, Commodity Credit Corporation"	16,014	1,316,014
Increase (for revision of farmers bulletins and other Department publications)		+48,799

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 (estimated)
1. General administration of Office of Information and informational work	$26,976	$29,849	---	$29,849
2. Business service, including communications and records	59,557	57,139	---	57,139
3. Publications preparation, distribution and control	570,856	558,929	+$48,799(1)	607,728
4. Preparation and distribution of special reports and current information	359,523	364,681	---	364,681
5. Preparation and distribution of agricultural information by exhibits	103,583	102,135	---	102,135
6. Preparation and distribution of agricultural information by radio	34,062	34,088	---	34,088
7. Preparation and distribution of agricultural information to the press	53,063	46,883	---	46,883
8. Preparation and distribution of agricultural information by motion pictures	66,153	73,511	---	73,511
Unobligated balance	5,484	---	---	---
Total available	1,279,257	1,267,215	+48,799	1,316,014

(Continued on next page)

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Project	1952	1953 (estimated)	Increase	1954 (estimated)
Transfer from "Administrative Expenses, Commodity Credit Corporation"	-15,989	-16,014	---	-16,014
Subtotal	1,263,268	1,251,201	+48,799	1,300,000
Reductions pursuant to Sections 411 and 412	---	+7,799		
Total appropriation or estimate	1,263,268	1,259,000		

INCREASE

(1) An increase of $48,799 under the project "Publications preparation, distribution, and control" to revise out-of-date farm bulletins.

Need for Increase: Many of the Department's publications are out-of-date. They lack information on recent research results or contain obsolete statistics or illustrations of livestock, crop, or other agricultural commodities or conditions. The importance of the Department's bulletins indicated by their distribution (by request only) in the fiscal year 1952, as follows:

Item	All Publications	Farmers Bulletins
Publications distributed	38,704,489	9,048,460
Farmers Bulletins distributed on request of Members of Congress	---	4,879,000

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This survey and the resulting revision program is approximately as follows:

Number of bulletins available for distribution		691
Number not needing revision due to adequacy of content	267	
Number to be discontinued	52	319
Number included in revision program		372

It is to be expected that a number of those not now needing revision will require bringing up-to-date during the next three years.

The workload of this program, which is to cover a period of about three fiscal years, will fall on the Office of Information, beginning in the fiscal year 1954, in editing text, reviewing and adjusting

illustrations, making up distribution schedules and preparing for printing. The Office of Information has taken a leading part in arranging this program of revising old bulletins and has the responsibility of seeing that the program is properly carried out. Therefore, it is essential that the Office be in a position to meet these responsibilities.

Within presently available resources, the Office of Information is staffed to accomplish about 25 revisions per year. This requires one and one-half the time of a specialist to perform the several functions of editing text, reviewing and adjusting illustrations, making up distribution schedules, and preparing for printing. A revised bulletin in these processes involves a workload roughly equivalent to that for a new bulletin manuscript.

The new revision program which is now underway in the subject matter agencies involves about 100 revisions per fiscal year over and above the normal workload of approximately 25 revisions, or a total revision program of 125 per year.

Plan of Work: (a) Technical publications and editing services, $18,799 -- The three-year program of revising out-of-date publications will require the services of a highly competent publications specialist versed in agriculture to make preliminary evaluations of out-of-date bulletins, collaborate with subject matter agencies to maintain the schedule of revisions and generally to give leadership to the program. In addition the program will require editorial, illustrations, and printing specialists to process the revised publications, giving special emphasis to greater brevity, economy, and clearer presentation of subject matter in the revisions.

(b) Reprinting revisions, $30,000 -- The 100 revisions, in addition to the normal of 25 expected by the Office of Information in each of the three fiscal years 1954, 1955, and 1956, will cost about $60,000 per year to print. It is planned to utilize the proposed increase of $30,000, and to make an additional $30,000 available by adjustments in the amount presently available for reprints of publications. Economies will be effected by technical printing savings, such as changes in format, rearranging illustrations, and reducing number of pages, and by reducing the number of individual bulletins reprinted. For example, seasonal publications, and others requested sporadically can be stocked on about a 9-months' rather than a 12-months' basis, thus saving some reprint funds each year. This will result in a temporary reduction of current total stocks of all publications in the first two years of the three-year revision program.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

1 For necessary expenses /in connection with the publications, indexing, illustration, and distribution of bulletins, documents, and reports, the preparation, distribution, and display of agricultural

2 motion and sound pictures, and exhibits,/ of the Office of Informa-
tion for the dissemination of agricultural information and the
coordination of informational work and programs authorized by
Congress in the Department, /$1,259,000/ $1,300,000, together with
such amounts from other appropriations or authorizations as are
provided in the schedules in the budget for the current fiscal
year for such expenses, which several amounts not exceeding a total
of $16,014, shall be transferred to and made a part of this
3 appropriation, of which total appropriation /amounts not exceeding
those specified may be used for the purposes enumerated as follows:
For preparation and display of exhibits, $102,735; for preparation,
distribution, and display of motion and sound pictures, $73,511;/
not to exceed $641,128 may be used for farmers' bulletins, which
shall be adapted to the interests of the people of the different
sections of the country, an equal proportion of four-fifths of
which shall be delivered to or sent out under the addressed franks
furnished by the Senators, Representatives, and Delegates in
Congress, as they shall direct (7 U.S.C. 417) and not less than two
hundred thirty thousand eight hundred and fifty copies for the use
of the Senate and House of Representatives of part 2 of the annual
report of the Secretary (known as the Yearbook of Agriculture), as
authorized by section 73 of the Act of January 12, 1895 (44 U.S.C.
4 241) /, $611,128/; Provided, /That additional funds for preparation
and display of agricultural motion pictures and exhibits relating
to the programs of the various agencies of the Department authorized
by Congress, not exceeding $150,000, may be transferred to and
made a part of this appropriation, from the funds applicable, and
shall be available for the objects specified herein: Provided
further,/ ***

The first and second changes are for the purpose of simplifying and shortening the wording of the item. The proposed changes would in no way affect the nature or scope of the work being conducted.

The third change proposes the deletion of the limitations relating to the preparation, display, and distribution of exhibits and motion and sound pictures. This change is for the purpose of simplifying and shortening the wording of the item. The amounts obligated for motion pictures and exhibits would continue to be reflected separately in the schedule of obligations by activities.

The fourth change deletes the provision authorizing the transfer of additional funds for the preparation and display of motion pictures and exhibits. This language is no longer necessary since motion picture and exhibit work is now performed under the Working Capital Fund and regular reimbursement procedures.

STATUS OF PROGRAM

Current Activities: The primary functions of the Office of Information are (1) overall coordination of all information work in the Department and (2) final editing and clearance of all publications and releases of information to the public. The Office provides a service to the Department and its constituent agencies designed to assist farmers, organizations and institutions interested in agriculture, and the public at large to obtain useful knowledge pertaining to the nation's agriculture, by providing factual information on results of agricultural research work, trends in agricultural production, prices, and consumption, the scope of agricultural programs and policies, and similar information. This work involves:

1. Editing and final preparation of manuscripts for publication, and procurement of necessary printing;

2. Distribution of publications through established channels and the filling of requests for publications and general information;

3. Preparation and shipping of exhibits for showing at State fairs and other expositions;

4. Production of agricultural films and their distribution to State depositories for use by Department of Agriculture field workers and extension agents;

5. Final clearance and distribution of reports and releases to the general press, and to the agricultural, scientific and trade press;

6. Preparation of radio information for broadcast and service to radio farm program directors and extension agents;

7. Compilation and editing of the Agriculture Yearbook and the Annual Report of the Secretary of Agriculture; and

8. Preparing and assisting in the preparation of information requested by publishers of national magazines, encyclopedias, annuals, etc., on departmental programs, organization, or operation.

The volume of work of the Office normally depends on the aggregate of informational services of the whole Department, arising from direct requests for services, or in legislative requirements to carry out the Department's responsibilities. Currently, increased interest in the programs of the Department, particularly in the fields of food production goals, and marketing information has tended to increase the volume of work over preceding years.

Giving leadership to accelerated bulletin revisions is an important project of the Office. Conferences have been held with all Department agencies to plan revision of out-of-date bulletins. Time schedules for revisions have been developed with the several bureaus and agencies, and are being analyzed to determine a workable plan for necessary revisions at a reasonably early date within available resources, and in conjunction with current publication of new research developments.

Examples of services rendered:

Requests for publications, general information and mailing list service at over a million in 1952 was about approximately the same as the average for the previous 5 years 1947-51.

Fiscal Year	Congressional Requests	Total Requests
1947	257,718	995,012
1948	360,959	1,050,226
1949	328,101	1,047,513
1950	485,380	1,199,771
1951	241,191	853,933
1952	376,957	1,021,214

These figures do not include the large number of inquiries for press, radio, exhibits, and motion pictures.

Publications handled by the Office during the 1952 fiscal year were as follows:

	Copies of all Publications	Copies of Farmers' Bulletins
Total stocks July 1, 1951	12,577,350	6,859,124
New publications in 1952	29,518,765	1,582,500
Reprints in 1952	9,767,267	8,065,534
Total available for distribution	51,863,382	16,507,158
Total distribution	38,704,489	9,048,460
Stocks July 1, 1952	13,158,893	7,458,698

Mailing list items handled through the central mailing list index in 1952 compared with 1951, are shown below:

	F.Y. 1952 Number	F.Y. 1951 Number
Names included in index	384,550	394,998
Mailing lists in index	1,185	1,157
Mailing lists revised	222	111
Workload items:		
Additions to lists	54,068	74,100
Names or addresses changed	27,901	21,178
Names or addresses dropped	64,516	49,535
Total workload items	146,485	144,813

Printing Management. Recorded savings totaled $24,500 in the fiscal year 1952 as result of technical adjustments in specifications for printing jobs but many savings were not recorded. All printing orders in 1952 totaled 3,889, compared with 4,043 in 1951.

Agriculture Yearbook, 1953. All text and illustrations for this book, on the subject of plant diseases, have been given primary editing, and will be in process of printing by June 1953. Publication is estimated for the last quarter of the calendar year 1953.

Publications edited totaled 796 of which 263 were new publications and 533 were reprints. This includes the editorial work on the 1952 Yearbook. An approximate equal proportion of the total publications were handled in the last quarter of the fiscal year indicating some progress in distributing the editing and printing workload out over the four quarters of the fiscal year.

Exhibits Service. During the fiscal year 1952, nine new large exhibits were constructed and incorporated in existing exhibition groups for use at State Fairs. Also 6 medium sized exhibits were produced, largely in cooperation with Department agencies and partly financed by such agencies. This latter has added to the number of Department exhibits available to small fairs, and cooperating agency meetings.

Carload exhibitions were arranged and completed in 1952 at 21 State and interstate fairs. Attendance at the 21 larger fairs was 8,717,471. Less-than-carload exhibitions totaled 69 during the season for showing at the smaller fairs. Showings are expected to be approximately the same in 1953.

Motion Picture Service. Two of the more important recent activities in the Motion Picture Service were (1) planning and scheduling a Department-wide motion picture to explain the GRASSLANDS program, and (2) distribution of a film for the 1952 goals program showing ways to apply agriculture science in farming for greater production.

The Grasslands film is planned by the Department Grasslands Committee to be an important tool in the Grasslands Program, which involves the work of almost all Department and cooperating State agencies. When finished, the film will be a demonstration of grasslands farming, both to farm groups and to urban residents who have an indirect but vital interest in a national program to improve grassland agriculture.

The Goals film, of two reels, was produced for use in explaining the Department's goals program to farmers, mostly from "cut outs" retained from previous film productions. Field workers and State Mobilization Committees found this film most useful in the campaign to encourage greater production of farm crops. The film was first released to television use, and during the first three weeks of this use, was televised by 70 of the 108 television stations in the nation. These stations have an estimated total audience of over 14,000,000.

A film on Brucellosis is another example of agricultural film use in support of a required Department program. In Minnesota, 19 prints of TRIPLE THREAT OF BRUCELLOSIS, were circulated during a six-month period to more than 60 county agents and shown more than 1,000 times in this State alone. Because the film so well explains the brucellosis problem and recommends eradication measures, it served as the basic working tool for this campaign in Minnesota. Print supplies were sufficient in this case to allow conducting an effective utilization campaign on the film, and the experience in Minnesota shows how such films can serve educational aims.

Radio services to networks were maintained, while services for individual radio farm program directors and State extension services were reduced by about one-fourth in 1952. Many special requests for cooperation in the use of agricultural information have had to go unfilled. Such requests have come from Land-Grant colleges, radio farm directors, television networks and single stations.

Network activities included the preparation and presentation of 1,127 minutes of agricultural subject material for the National Farm and Home Hour, the American Farmer, the Farm News, and Your Country Visitor network programs. A total of 117 individual network programs were prepared and broadcast.

Single stations with farm service programs were served by the weekly RFD Newsletter, distributed upon request to station radio farm directors, extension editors and broadcasting county agents. These letters provide program tips and background information for use on broadcasts as well as material for better programming for rural radio listeners. For the fiscal year 1952 this letter was changed from a weekly to a bi-weekly issue.

Radio "Farm Flashes" were distributed through State extension editors for local adaptation and use by over 800 single radio stations. A total of 243 flashes were distributed, compared with 220 in 1951. Other services to State extension facilities by providing USDA materials and training assistance -- one of the oldest and most effective Departmental information activities -- were decreased in 1952. A new radio handbook for county extension workers was prepared in cooperation with the Federal and State extension services.

Representatives of the Office assisted in workshop discussions at the 5th annual summer meeting of the National Association of Radio Farm Directors in Washington. Of special interest was a discussion of adapting the information services for better use by the single stations farm programs.

Agricultural radio and television work conferences of the Institute for Education by Radio-Television, arranged and directed by this Office, were held in Columbus, Ohio. These sessions were attended by 85 county agents, home demonstration agents, radio farm directors, State extension editors, and other educators from all over the nation.

Press Service. Interest in agricultural defense and other matters continued to result in a heavy volume of requests for information and releases. The number of releases and reports issued totaled 2,865. These require reviewing, editing, scheduling for release and distribution, preparation of stencils for processing copies for the press, agency and mail distribution, and stimulated many daily office calls for copies of releases and reports as well as for additional information. Adequate servicing of many such calls was handicapped by reduced personnel. Combined distribution of the Daily and Weekly Press Summary was about 4,200 at the end of the year, compared with 3,800 at the end of the fiscal year 1951. The letter to farm paper editors continued on a bi-weekly basis, and the letter to women's page editors was reduced by one-third. Requests for USDA subject-matter photographs increased. Agricultural information services were continued to service requests from 135 negro newspapers and magazines, 2 negro press associations, and 15 State leaders of negro extension work. Magazine services are currently maintained to fill requests for farm and food information from about 175 national and regional magazines, including the home departments of 40 farm magazines.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Agricultural Marketing Act, Agriculture (Office of Information): For coordination of informational activities in connection with this item	$25,347	$25,800	$28,000
Working Funds, Agriculture, Office of Information, Advanced From:			
Department of the Air Force, for preparation and distribution of motion pictures	99,741	50,000	- -
Department of Labor, for preparation and distribution of motion pictures	11,995	- -	- -
Veterans Administration, for preparation and distribution of motion pictures	90,869	90,000	- -
Total	202,605	140,000	- -
Working Funds, Agriculture, General (Office of Information) Advanced From: Department of State: For services in connection with the Point IV training program	- -	1,000	- -

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Miscellaneous Contributed Funds, Department of Agriculture, (Office of Information) (Trust Fund):			
Trust funds deposited by cooperators for:			
Preparation and distribution of exhibits	694	5,935	3,000
Preparation and distribution of motion pictures	1,893	9,952	7,000
Total	2,587	15,887	10,000
Salaries and Expenses, Defense Production Activities, Agriculture (Office of Information):			
For planning effective use of information materials in a program of defense preparation	57,582	47,500	- -
Mutual Security (Allocation to Agriculture), (Office of Information):			
For motion picture production .	47,865	16,135	- -
Obligations Under Reimbursement From Governmental and Other Sources:			
Salaries and expenses:			
For photographic reproductions and motion picture services .	457,497	- -	- -
Miscellaneous contributed funds	5,328	- -	- -
Total	462,825	- -	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	798,811	246,322	38,000

LIBRARY

Purpose Statement

Function: The Library, pursuant to the Department's Organic Act of 1862, and under delegation from the Secretary, "procures and preserves all information concerning agriculture which can be obtained by means of books ...". Under the Act establishing the Department, the Library also serves as the National Agricultural Library.

Activities: The Library makes available to the research workers of the Department and the State agricultural colleges, as well as to the general public, the agricultural knowledge of the world that is contained in published literature. This reduces duplication of effort and wasted time by enabling scientists and administrators to know prior to the initiation of a project what has been done previously in that field. In pursuance of the Organic Act, the Library collects current and historical published material and organizes it for maximum service to the Department and to the public through reference services, loans of publications, bibliographical services, and photo-reproductions of library material. It issues a monthly Bibliography of Agriculture in which is listed the agricultural literature of the world.

Organization: The Library serves as a staff office of the Secretary and in addition has operating responsibilities in the field of library and bibliographical services. There are six field branches with general collections serving the Department staff in designated geographical areas and six specialized field branches serving major field research installations of the Department.

On November 30, 1952, the Library had 174 employees of whom 146 were in Washington and 28 in the field.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated funds	$681,169	~~$700,000~~ $673,800

Salaries and Expenses

Appropriation Act, 1953	$682,000
Reduction pursuant to Section 412	-831
Adjusted appropriation, 1953, and base for 1954	681,169
Revised Budget Estimate, 1954	673,800
Decrease	-7,369

SUMMARY OF INCREASES AND DECREASES, 1954

Increase for the purchase and processing of agricultural publications	+$18,831
Decrease due to substituting contractual services for five general library branches	- 21,965
Decrease due to reorganization of Asheville branch library	-4,235

PROJECT STATEMENT

Project	1952	1953 (estimated)	Decrease	1954 Revised (estimated)
1. General agricultural library services	$529,888	$537,257	-$3,134(1)	$534,123
2. Specialized services to research	157,321	143,912	- 4,235(2)	139,677
Unobligated balance	28	- -	- -	- -
Total available or estimate	687,237	681,169	- 7,369	673,800
Reduction pursuant to Section 412	- -	+ 831		
Total appropriation or estimate	687,237	682,000		

INCREASES AND DECREASES

(1) A net decrease of $3,134 under the project "General Agricultural Library Services" as follows:

(a) Increase of $18,831 for the purchase and processing of agricultural publications.

Need for Increase: The Library, in carrying out the responsibilities assigned to it under the Organic Act of 1862, should acquire all major agricultural publications. The information contained in these publications is essential to the Department's workers in carrying out the programs of the Department. Also, farmers, agricultural colleges, universities, State Experiment Stations, and the public rely upon the Library, as the National Agriculture Library, to have available the important agriculture publications. The increased cost of publications has each year reduced the extent of coverage of the world's literature on agriculture that should be added to the Library's collection. Funds available for the purchase of

publications have varied only slightly during the period 1940 through 1953; however, the cost of publications has doubled so that slightly less than 50% of the titles purchased in 1945 can be purchased in 1953 with the same amount of funds available (see Exhibit A). Many serious gaps have occurred in the Library's collection due to lack of funds to cover this increased cost of publications. Coincident with the reduction in the number of publications purchased, there has also been a reduction of personnel for processing and preparation of publications for use.

Plan of Work: It is planned to increase the extent of coverage of literature on agriculture, both domestic and foreign, to the 1948-1949 level. This increase will make available several of the more important domestic and foreign publications to the Department's research workers. However, it will not be possible to fill the gaps in the collection which have occurred heretofore. The increase will also provide one additional librarian to acquire, process and make available the material procured.

(b) A decrease of $21,965 in field library services by closing five general Library branches and establishing cooperative agreements with State Universities and Agricultural Colleges to provide a minimum of library service to the Department's employees in those areas. The five branches, to be closed are located at Albuquerque, Atlanta, New Orleans, Philadelphia, and San Francisco.

(2) A decrease of $4,235 under the project "Specialized Services to Research" by converting the Asheville Branch to a station library which will retain the book collection without staff furnished by the Departmental library. This library is located at the Forest Service Experiment Station at Asheville, North Carolina. Forest Service personnel will maintain and continue to make use of the collection as a working tool.

Salaries and Expenses

Appropriation Act, 1953	$682,000
Reduction pursuant to Section 412	-831
Adjusted appropriation, 1953, and base for 1954	681,169
Budget Estimate, 1954	700,000
Increase (for purchase and processing of agricultural publications)	+18,831

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 (estimated)
1. General agricultural library services	$529,888	$537,257	+$18,831(1)	$556,088
2. Specialized services to research	157,321	143,912	- -	143,912
Unobligated balance	28	- -	- -	- -
Total available or estimate	687,237	681,169	+18,831	700,000
Reduction pursuant to Section 412	- -	+831		
Total appropriation or estimate	687,237	682,000		

INCREASE

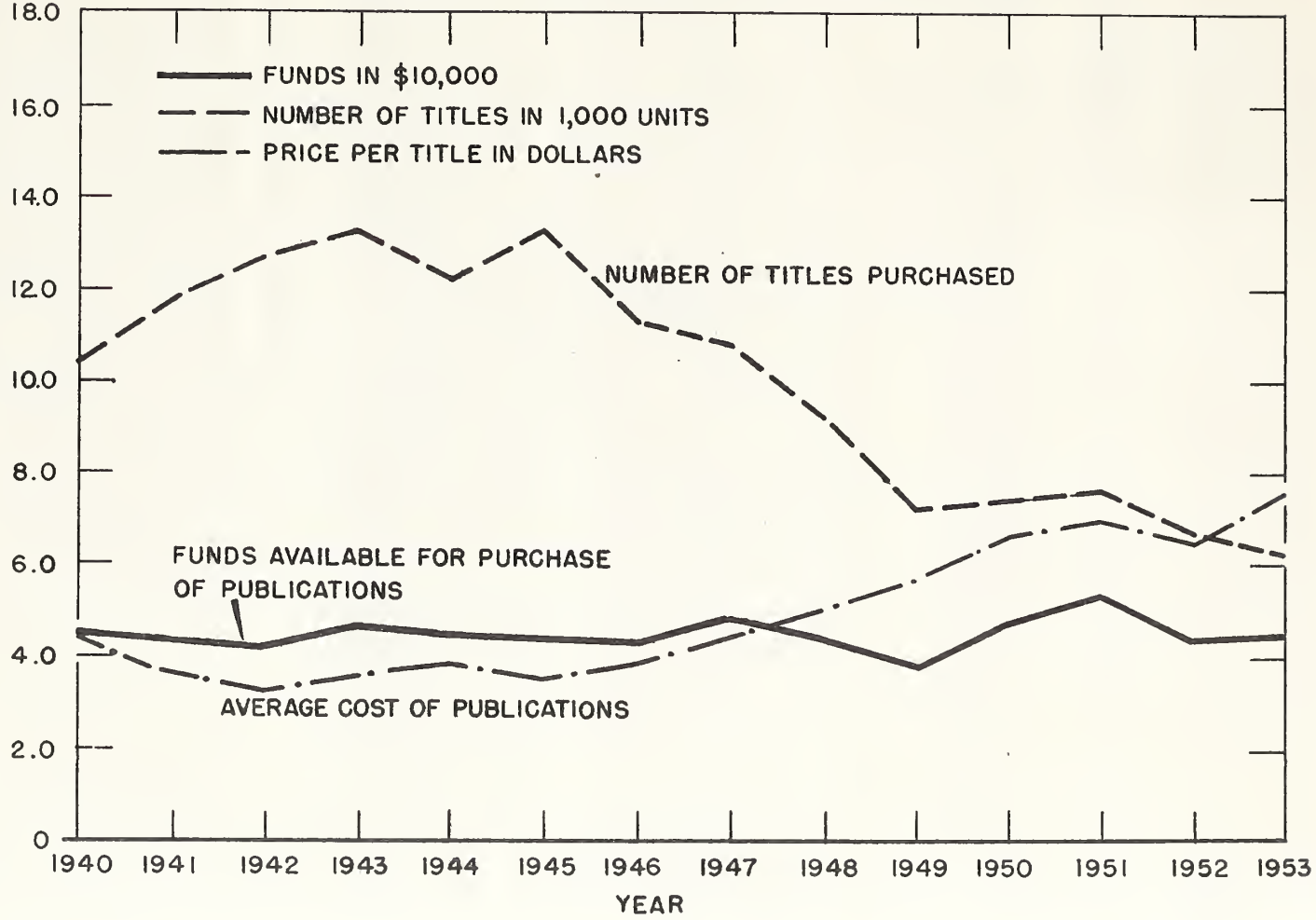
(1) An increase of $18,831 under the project "General Agricultural Library Services" for the purchase and processing of agricultural publications.

Need for Increase: The Library, in carrying out the responsibilities assigned to it under the Organic Act of 1862, should acquire all major agricultural publications. The information contained in these publications is essential to the Department's workers in carrying out the programs of the Department. Also, farmers, agricultural colleges, universities, State Experiment Stations, and the public rely upon the Library, as the National Agriculture Library, to have available the important agriculture publications. The increased cost of publications has each year reduced the extent of coverage of the world's literature on agriculture that should be added to the Library's collection. Funds available for the purchase of publications have varied only slightly during the period 1940 through 1953; however, the cost of publications has doubled so that slightly less than 50% of the titles purchased in 1945 can be purchased in 1953 with the same amount of funds available (see Exhibit A). Many serious gaps have occurred in the Library's collection due to lack of funds to cover this increased cost of publications. Coincident with the reduction in the number of publications purchased, there has also been a reduction of personnel for processing and preparation of publications for use.

Plan of Work: It is planned to increase the extent of coverage of literature on agriculture, both domestic and foreign, to the 1948-1949 level. This increase will make available several of the more important domestic and foreign publications to the Department's research workers. However, it will not be possible to fill the gaps in the collection which have occurred heretofore. The increase will also provide one additional librarian to acquire, process and make available the material procured.

(EXHIBIT A)

UNITED STATES DEPARTMENT OF AGRICULTURE, LIBRARY
COMPARISON OF FUNDS APPROPRIATED, TITLES PURCHASED AND
AVERAGE COST PER TITLE, 1940 – 1953



STATUS OF PROGRAM

General: The Library provides centralized reference and bibliographical services for agencies of the Department through the main library in Washington and 12 branch locations in the field. It serves also as the National Agriculture Library, rendering extensive services to other agencies of the Government and the public. The book collection approximates 1,050,000 volumes.

Current Activities: The following are typical of the major lines of work of the library:

1. Acquisition of domestic and foreign publications in the field of agriculture through purchases from commercial sources, gifts, exchange agreements with different countries, and cooperative acquisition projects with the Library of Congress and with other research libraries.

2. Preparation of agricultural bibliographies with an increasing coverage of the world's agricultural literature.

3. Providing reference service to patrons who come into the Library, and by telephone, and by mail. These patrons include Department personnel, and representatives of other Government and private research agencies, colleges, universities, and farmers and other private citizens; furnishing publications on loan directly to Department personnel and to others through interlibrary loans; and maintaining the collection.

4. Facilitating the Department's programs by making available published material to the man-on-the-job, wherever he may be stationed, through field branches which serve as outlets for the main Library and as reservoirs of published information near the field workers. Through these library services provided the field staff, the stocking of large numbers of relatively little used books in field offices is unnecessary.

Selected Examples of Recent Progress:

1. Status of Acquisition Program: The Department of Agriculture Library is the one place in the nation where all of the more important agricultural publications are available. Therefore, a continuing intensive acquisition program must be carried on to provide the major agricultural publications required by the Department's workers, collaborators, farmers, industrial users, and the public generally. The collection still lacks many agricultural publications of foreign countries, as well as many important domestic publications. The increased cost of publications has reduced the number that can be purchased. Also the gift and exchange program was necessarily reduced below previous levels.

Below is a tabulation of major acquisition statistics for the past five years.

	Obligations for Publications	Number of publications received from all sources (gift, exchange and purchase)		
		Volumes added to collection	Number of periodical issues	
			Received	Retained
1948	$ 44,652	33,763	744,757	283,836
1949	39,178	34,176	626,117	263,653
1950	45,742	42,215	552,137 a/	275,215
1951	53,342	28,921 b/	498,013	268,655
1952	44,747	28,646 c/	542,240 c/	272,770 c/

a/ The reduction in 1949 from prior year resulted primarily in the change in policy of recording Department of Agriculture publications.

b/ A portion of the reductions in 1951 and 1952 is due to change in policy on counting working tools of the Department agencies.

c/ Cataloging in 1952 of volumes and publications received in 1951 makes receipts appear higher in 1952 than actually was the case.

2. The monthly Bibliography of Agriculture contained 12% more items than in 1951. There were 95,962 reference items included during the year, which exceeded any previous year. Identification of non-English material in the subject index has proved to be very useful to the users of the Bibliography. The number of items listed in the Bibliography of Agriculture for the past five years is indicated below:

Year	Number of Reference Items
1948	84,229
1949	82,269
1950	89,060
1951	85,790
1952	95,962

3. There were 71 bibliographies, indexes, and lists prepared on specialized subjects. During 1952, 23 bibliographies were prepared in the Washington library which were two less than in 1951. Volume 10, 1950, Index to the Literature of American Economic Entomology was completed during the year. Among the special bibliographies prepared were Bibliographical Bulletin 18, "Forests of Continental Latin America" and Bibliographical Bulletin 19, "Tropical Beef Cattle Industry". Also Library List Number 1, "Selected List of American Agricultural Books" was revised and published in February, 1952.

4. The Photocopying Section completed 42,767 separate orders consisting of 526,134 pages of microfilm and photoprint. Of this amount, 6,284 orders totaling 87,218 pages were provided free of charge to the Department's agencies. For the remaining orders $39,747 was received in reimbursement of the cost of production.

5. The total number of publications loaned and the number of reference questions answered were below the 1951 level. The number of publications loaned decreased 4.9%. The reference questions answered decreased 5.3%. Only minimum service could be rendered on each request. The workload per staff member increased from 9,618 items in 1951 to 10,054 items in 1952.

Below is a tabulation of the volumes of publications circulated, loaned, and photocopying services rendered and reference questions answered in 1951 and 1952.

	1951	1952	Percent of increase(+) or decrease (-)
Volume of circulations, loans, photocopying:			
Washington	482,320	456,901	- 5.3
Field	914,843	869,978	- 4.9
Sub-total	1,397,163	1,326,879	- 5.0
Reproductions	44,359	43,767	- 1.3
Total	1,441,522	1,370,646	- 4.9
Reference questions answered:			
Washington	130,083	125,463	- 3.5
Field	50,351	45,379	- 9.9
Total	180,434	170,842	- 5.3

6. A waiver was again issued by the Public Printer permitting the binding work to be performed under contract to commercial binders. Under this authorization 9,508 volumes were bound, of which 1,907 volumes were from the various field libraries. There were 1,216 fewer volumes bound in 1952 than in 1951. Approximately 7,000 volumes of current publications were added to an already burdensome backlog of an estimated 160,000 volumes which should be bound.

PRINCIPAL OVERALL VOLUME OF WORK STATISTICS
Actual Fiscal Years 1948-1952
Estimated 1953-1954

	ACTUAL					ESTIMATED	
	1948	1949	1950	1951	1952	1953	1954
Titles catalogued.....	14,710	13,347	12,252	11,191	12,701	12,500	14,750
New cards added to library catalog.....	100,740	91,767	90,823	66,117	77,556	78,000	90,000
*Loans of books or periodicals and reproductions supplied...	1,426,021	1,465,055	1,466,546	1,441,552	1,370,646	1,375,000	1,375,000
Serial publications entered...	283,836	263,653	275,215	268,655	272,779	273,000	300,000
Items indexed in Bibliography of Agriculture.....	84,229	82,269	89,060	85,790	95,962	95,000	95,000
Reference questions answered.....	186,717	202,246	203,134	180,434	170,842	175,000	175,000
Volumes bound.....	11,404	13,400	8,179	10,724	9,508	10,000	10,000
Obligations for books, periodicals, newspapers, and other publications.....	$ 44,752	$ 39,178	$ 45,742	$ 53,342	$ 44,747	$ 45,760	$ 60,235

* Statistics for 1948 adjusted for comparability to definitions adopted in 1949.

WORKLOAD, STAFF AVAILABLE, AND UNIT COSTS 1/

Fiscal Year	Circulation and reference load	Average staff	Total obligation	Output per staff member	Cost per unit
1941 (estimated).	201,627	243	$ 721,500	830	$ 3.57
1942.....	540,114	225	645,100	2,401	1.19
1943.....	860,872	188	608,358	4,578	.71
1944.....	1,152,970	186	604,437	6,199	.52
1945.....	1,556,507	186	608,060	8,368	.39
1946.....	1,609,655	186	609,130	8,654	.38
1947.....	1,672,453	186	618,850	8,991	.37
1948.....	1,612,738	186	659,739	8,672	.41
1949.....	1,667,301	182	656,719	9,161	.39
1950.....	1,669,680	172	734,993	9,766	.44
1951.....	1,577,277	164	701,214	9,618	.44
1952.....	1,497,721	149	681,169	10,054	.45

1/ Exclusive of reimbursable services.
NOTE: 1941-1947 workload adjusted to method of computing worklaod established in 1948.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1952, were actually received or programmed for 1953 or 1954. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Working Funds, Agriculture, Library:			
Advanced from:			
Bureau of Entomology and Plant Quarantine Agriculture:			
For special bibliographical services on bee culture	$3,985	$4,118	--
Department of State:			
For library and bibliographical services	39,081	6,250	--
For screening and procurement of technical books and literature	11,991	--	--
Atomic Energy Commission:			
For modification of rapid selector machine	11	--	--
Total, Working Funds, Agriculture, Library .	55,068	10,368	--
Working Funds, Agriculture, General (Library)			
Advanced from:			
State Department:			
For administrative expenses in connection with Point IV training program for foreign nationals	--	5,000	--
Mutual Security (Allocation to Agriculture)(Library):			
For administrative expenses in connection with training program for foreign nationals .	7,244	4,220	--
For program expenses in connection with Point IV program, Near East and Africa	3,593	--	--
Total, Mutual Security	10,837	4,220	--

(Continued on next page)

Item	Obligations, 1952	Estimated obligations, 1953	Estimated obligations, 1954
Obligations Under Reimbursements From Governmental and Other Sources:			
Salaries and expenses:			
For bibliographies, photographic reproductions, and other special library services	103,400	100,000	43,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	169,305	119,588	43,000

COMMODITY CREDIT CORPORATION

Purpose Statement

Purpose - The Commodity Credit Corporation's programs are conducted for the purpose of stabilizing, supporting and protecting farm income and prices, assisting in the maintenance of balanced and adequate supplies of agricultural commodities, and facilitating their orderly distribution.

Origin - The Commodity Credit Corporation was organized October 17, 1933, under the laws of the State of Delaware, as an agency of the United States. From October 17, 1933 to July 1, 1939 the Corporation was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939 it was transferred to the Department of Agriculture by the President's Reorganization Plan I. Under the Commodity Credit Corporation Charter Act of June 29, 1948 (Public Law 806, 80th Congress), effective July 1, 1948, it was established as an agency and instrumentality of the United States under a permanent Federal charter. The charter was amended by Public Law 85, 81st Congress, approved June 7, 1949.

Management - The Corporation is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture who is an ex-officio director and chairman of the board. The board consists of six members (in addition to the Secretary of Agriculture) who are appointed by the President of the United States by and with the advice and consent of the Senate. In addition to the board of directors, the Corporation has an advisory board whose five members are appointed by the President of the United States. Not more than three of the members may belong to the same political party. The advisory board meets at least every 90 days to survey the general policies of the Corporation.

The Corporation may, with the consent of the agency concerned, utilize facilities of any other agency of the Federal Government. The Corporation, under this authority, makes extensive use of the personnel and facilities of the Production and Marketing Administration in carrying out Corporation activities. The Corporation also utilizes to the fullest extent practicable the usual and customary channels, facilities, and arrangements of trade and commerce in the conduct of its business.

Financing - The Corporation's programs are financed from the capital funds which are derived from its authorized capital stock of $100,000,000 and its authority to borrow $6,750,000,000 on the credit of the United States. The bulk of the fund requirements result from loans, purchase of commodities, carrying charges and related expenditures in connection with commodities owned by the Corporation, and interest charges. Offsetting these outlays are receipts from loan repayments, sales of commodities, and interest income.

Operations - The Corporation engages in lending, buying, selling and other activities with respect to agricultural commodities, their products, foods, feeds and fibers to carry out the following five types of programs:

1. Price support - Price support is accomplished through loans, purchases and purchase agreements pursuant to the Corporation's charter powers (particularly sections 5(a) and (d)), in conformity with the Agricultural Act of 1949 (63 Stat. 1051), as amended (66 Stat. 758), and with respect to certain types of tobacco, in conformity with the Act of July 28, 1945 (59 Stat. 506). Under the Agricultural Act of 1949, as amended, price support is mandatory for six basic commodities — cotton, corn, wheat, rice, peanuts and tobacco — and designated nonbasic commodities, namely, wool, mohair, tung nuts, honey, milk, butterfat, and the products of milk and butterfat; price support for other nonbasic agricultural commodities is authorized under legally prescribed conditions.

2. Supply and foreign purchase - The Corporation procures foods, agricultural commodities, their products, and related materials to supply the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies and to meet domestic requirements. Foods, agricultural commodities, and their products are procured, or aid is given in their procurement, to facilitate distribution or to meet anticipated requirements during periods of short supply. Procurement for supply purposes is made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture. The production or stockpiling of agricultural commodities under Sections 302 and 303 of the Defense Production Act of 1950 is also carried out under this activity.

   The supply and foreign purchase activity is carried out under the authority contained in the Corporation's charter, particularly sections 5(b) and 5(c) thereof. Operations are conducted in accordance with procedures and policies reasonably calculated to assure compliance with section 4 of the Act of July 16, 1943 (15 U.S.C. 713a-9), which requires that the Corporation be fully reimbursed for services performed, losses sustained, and operating costs incurred for commodities purchased or delivered to or on behalf of any other Government agency.

3. Storage facilities - The Corporation provides for and encourages the construction or expansion of farm storage facilities through loans to producers and maintains granaries and equipment for care and storage of commodities owned or controlled by the Corporation.

   The storage facilities program is carried out under the authority contained in the Corporation's charter, particularly sections 4 (h), 4 (m), and 5 (a).

4. Loan to Secretary of Agriculture for agricultural conservation purposes - Under provisions of the Agricultural Adjustment Act of 1938, as amended, the Corporation makes loans to the Secretary of Agriculture each fiscal year in such amounts, not to exceed $50,000,000, as the Secretary estimates will be required to make advances of conservation materials and services for the agricultural-conservation program. These loans are repaid, with interest, from funds appropriated to carry out sections 7 to 17 of the Soil Conservation and Domestic Allotment Act.

5. Commodity exports - The Corporation exports, causes to be exported, or aids in the development of export markets for agricultural commodities and products. This activity is carried out under the authority contained in the Corporation's charter, particularly sections 5(d) and 5(f), and the International Wheat Agreement Act of 1949. Under the International Wheat Agreement (7 U.S.C. 1641, 1642), the United States has agreed to supply wheat or wheat products to participating nations at a specified price. The Corporation is authorized to use its general borrowing authority to pay current obligations and to be repaid therefor from appropriations made specifically to cover the costs of the International Wheat Agreement.

	Limitation, 1953	Revised Budget Estimate, 1954
Administrative expense limitation	$16,492,110	$17,100,000

COMMODITY CREDIT CORPORATION

Basic Assumptions

Since financial demands on the Corporation are determined largely by unpredictable factors, such as weather conditions and the level of economic activities, it is necessary to make basic assumptions concerning these factors in order to estimate financial requirements. The basic assumptions used in preparing the 1954 budget are as follows:

(a) That employment, industrial production and national income will continue to rise;
(b) That prices on the average will remain unchanged at about the present level;
(c) That yields will be in line with recent averages;
(d) That farm production will continue at high levels in the crop years 1952 and 1953; and
(e) That acreage allotments and marketing quotas will be in effect on peanuts and certain kinds of tobacco.

Price Support Operations

General Outlook - On the basis of the above assumptions and taking into consideration estimated supply and utilization factors which were calculated individually for each commodity, these estimates reflect substantial increases in the overall volume of price support activities of the Corporation compared with the fiscal year 1952. The total investment in price support, that is the amount of loans oustanding and cost value of inventories, as of June 30, 1952, amounted to $1.4 billion. It is estimated that the Corporation's investment in price support as of June 30, 1953, will be $3.0 billion and that it will be $3.7 billion by June 30, 1954.

Loans - The budget estimate contemplates that loans amounting to $2.5 billion will be made during the fiscal year 1954, that repayments will total $1.4 billion and forfeitures will total $1.1 billion, leaving loans outstanding of $1.3 billion at the end of the year. Comparable figures for the fiscal year 1952 are: Loans made, $.9 billion; repaid, $.7 billion; forfeitures, $.2 billion; outstanding at the end of the year, $.4 billion. The increase in loans made in 1954 compared with 1952 amounts to $1.6 billion. Anticipated increases for the principal commodities are as follows: Corn, $601 million; cotton, $548 million; wheat, $226 million and wool, $90 million. The increase of $945 million in loans outstanding as of June 30, 1954, compared with June 30, 1952, is due primarily to corn and cotton increasing by $505 million and $347 million, respectively.

Inventories - It is estimated that during 1954, inventory acquisitions and carrying charges will total $1.6 billion and that sales and other dispositions will aggregate $.9 billion resulting in an ending inventory as of June 30, 1954 valued at $2.4 billion. This compares with inventory transactions during the fiscal year 1952 as follows: acquisitions and carrying charges, $.6 billion; dispositions, $.9 billion; ending inventory as of June 30, 1952, $1.1 billion. The increase of $1.0 billion in acquisitions in 1954 over 1952 is attributable primarily to corn and cotton which account for $373 million and $341 million, respectively, of the increase. Other smaller increases are: wheat, $120 million; wool, $39 million; and cottonseed oil, $41 million. Peanut acquisitions are estimated to decrease $55 million during this period. The decrease in dispositions during 1954 compared with 1952 is $52 million with major contributing items being corn and wheat with decreases of $87 million and $249 million, respectively; offset by increases as follows: cotton, $80 million; dairy products, $227 million; cottonseed products, $80 million; and wool, $26 million. Inventories as of June 30, 1954, are estimated to increase by $1.3 billion over those of June 30, 1952, of which $669 million is due to the increase in wheat stocks; $258 million, increase in cotton stocks; $224 million, increase in corn stocks; and $93 million, increase in stocks of dairy products.

Reasons for upward trend in price support investment - As indicated above, corn, cotton, wheat, dairy products, and cottonseed products are the principal commodities involved in the increased volume of price support activities. Increased production, decreased sales, and a weaker market are responsible for the increased investment in corn, while increased production and decreased exports of cotton contribute to the increased investment in that commodity. In case of wheat, the increased investment is due to increased production, increased carryout, decreased exports, and decreased sales from Corporation inventories. The increased investment in dairy products was caused primarily by large purchases in 1953 necessitated by a decline in prices due to unseasonably high production. The sharp break in market prices during 1953 resulted in increased purchases of cottonseed products, chiefly refined oil.

Supply and Foreign Purchase Program

The estimate for this purpose is based on the assumptions that the Corporation will continue to purchase a limited supply of agricultural commodities for the Mutual Security Administration and for the Department of the Army for use in occupied areas in the fiscal year 1954 and that the Corporation will continue the initial financing of certain programs sponsored by the Defense Production Administration concerning strategic and critical materials, primarily castor beans and kenaf. Acquisitions in the fiscal year 1952 were $88.6 million, as compared with estimated acquisitions of $112.7 million in 1953 and

$57.5 million in 1954. It is estimated that the distribution of acquisitions during the fiscal year 1954 will be as follows: Defense Production Administration, $25.6 million; Department of the Army, $24.0 million; Mutual Security Administration, $7.6 million; and miscellaneous supply programs, $.3 million.

Storage Facilities Program

Facilities - It is anticipated that the Corporation will offer loans for financing the construction or purchase of farm storage facilities having an estimated 27-million-bushel capacity during the fiscal year 1954. Claims covering guaranteed occupancy agreements are expected to amount to $800,000 in the fiscal year 1954 compared with an estimate of $1,250,000 for the fiscal year 1953. It is also estimated that costs of carrying out tests, experiments, and demonstrations on storing and conditioning commodities will amount to $125,000 during the fiscal year 1954.

Mechancial driers - It is anticipated that loans in the amount of $600,000 will be made to producers for the purchase of mechanical driers to facilitate safe farm storage of commodities during the fiscal year 1954. This compares with an estimate of $1,000,000 for such loans during the fiscal year 1953. Loans outstanding at the beginning of the fiscal year 1954 are expected to amount to $1,245,000. With repayments estimated at $345,000 during the year, it is anticipated that loans outstanding as of June 30, 1954, will aggregate $1,500,000.

Loan to the Secretary of Agriculture

Pursuant to Section 391(c) of the Agricultural Adjustment Act of 1938, as amended, it is estimated that the Corporation will lend $25 million to the Secretary of Agriculture during the fiscal year 1954 to make advances for the purchase of conservation materials from January 1 to June 30, 1954. Repayment is usually made during the succeeding fiscal year from appropriated funds, with interest equal to the cost of money to the Corporation.

Commodity Export Program

Current activities under this program relate exclusively to financing operations under the International Wheat Agreement. The estimates for 1954 under the item "International Wheat Agreement" provide for note cancellation of $171,740,395 for net costs incurred by the Corporation for 1952 operations under the Agreement.

Operating Results and Retained Earnings

The Corporation's records show that operations resulted in a net receipt of $160,365,287 in 1952. It is estimated that such operations will result in net expenditures of $1,224,315,153 in 1953 and $940,197,672 in 1954. The Treasury, however, does not reflect in the Corporation's checking account note cancellations to reimburse the Corporation for prior years' costs of eradication of foot-and-mouth disease and International Wheat Agreement. For budgetary purposes, therefore, the budget estimates reflect net receipts of $127,665,287 for the fiscal year 1952 and estimated net expenditures of $1,417,717,935 and $1,118,995,642 for the fiscal years 1953 and 1954, respectively. The net loss for 1952 was $66,056,732 consisting of net interest and administrative expense of $34,282,007 and realized losses on program operations of $68,244,772, less net downward adjustment of reserves for estimated losses amounting to $36,470,047. It is estimated that net losses of $226,280,391 and $267,933,086 will be incurred in 1953 and 1954, respectively.

An appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine net worth. If the net worth is less than $100,000,000, the Congress makes provision to enable the Secretary of the Treasury to restore the amount of capital impairment; if net worth is more than $100,000,000, the Corporation pays the surplus to the Treasury. These estimates include provision for restoration of capital impairment as of June 30, 1952 in the amount of $96,205,161 which is the amount determined by the Treasury's appraisal of assets and liabilities as of June 30, 1952.

Commodity Program Summaries

The following commodity summaries cover the various operations which the Corporation anticipates will be required during the fiscal year 1954. Each operation is a part of one of the five types of programs previously mentioned. It should be noted that any variations from the conditions assumed may result in changes in the volume and character of the Corporation's operations, thereby necessitating changes in the program and administrative expense estimates.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop at 90 percent of parity and to promote orderly marketing.

Eligibility: Eligible commodity is ear or shelled corn produced in 1953 and must grade No. 3 or better, or No. 4 on test weight only, and must meet moisture requirements.

Eligible participants are 1953-crop corn producers.

Operations: Nonrecourse loans will be available from about August 1, 1953 through May 31, 1954, maturing July 31, 1954, or earlier on demand. In areas where the PMA State Committee determines that corn cannot be safely stored throughout the full storage period, the final date of availability shall be earlier as determined by the Committee. Loans will be on a note-and chattel mortgage basis for farm-stored corn, and note-and-loan agreement basis for warehouse-stored corn. The level of support will be 90 percent of parity as of October 1, 1953, with an assured national average support price of $1.58 per bushel.

Purchase agreements will be available from harvest through May 31, 1954. A producer desiring to deliver corn under a purchase agreement must declare his intention to sell within a 30-day period ending on July 31, 1954. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431); and Defense Production Act of 1950, as amended (Public Law 429 approved June 30, 1952).

BASIS, 1954 ESTIMATE: A production goal of 85 million acres is anticipated for the 1953 crop. Production is estimated at 3,350 million bushels as compared with 3,307 million bushels estimated for the 1952 crop. This increase in production is needed to meet feeding requirements for increased livestock numbers and for increasing carry-over stocks. It is estimated that 300 million bushels will be placed under price support loans and purchase agreements which is about 10 percent of the total estimated production. The decrease in loans and purchase agreements from the fiscal year 1953 estimate is based upon the expectation that the good 1952 crop will be held and more new crop corn will be used. Price support activities were small

during the fiscal year 1952, since domestic and export requirements exceeded the 1951 crop production and high moisture content of the crop rendered large quantities ineligible for loans. The increase in collateral acquisitions during fiscal year 1954 over fiscal year 1953 represents deliveries of quantities placed under price support from the above average 1952 crop, whereas deliveries during fiscal year 1953 are from the substantially smaller 1951 crop.

As a result of increased production for the 1952 and 1953 crops, the demand for CCC-owned stocks is anticipated to decrease; thus CCC sales are estimated to decrease from 164 million bushels for the fiscal year 1953 to 75 million bushels for the fiscal year 1954.

PRESENT OUTLOOK: With current estimates of corn to be fed in 1953 and 1954 showing a substantial reduction below previous estimates, due primarily to smaller hog numbers, the total domestic disappearance is now estimated to be lower, the ending stocks will be increased, and the market weaker than anticipated earlier. Consequently, the current estimate of the corn to be placed under loan in 1953 is 460 million bushels and 400 million bushels in 1954. The detail of the present outlook is as follows:

	1953		1954	
	Quantity (bushels)	Value	Quantity (bushels)	Value
	(in thousands)			
Loans made	460,000	$736,000	400,000	$640,000
Repayments	92,717	143,894	200,000	320,000
Loans outstanding, end of year	400,000	640,000	350,000	560,000
Collateral acquired	5,000	7,000	250,000	400,000
Purchase agreements made	20,000	32,000	20,000	32,000
Direct Purchases	15,000	24,000	-	-
Sales	83,895	142,595	75,000	112,500
Inventory, end of year	252,000	407,000	437,000	724,000
Net receipt or expenditure (-)	-	-137,057	-	-300,500
Net realized gain or loss (-)	-	-9,500	-	-15,500

PRICE SUPPORT PROGRAM, Basic Commodities (1953 Crop)

Cotton, American-Egyptian

SUMMARY OF LATEST OPERATIONS: 1/

Objective: To support, by means of a purchase program, the price of 1952-crop American-Egyptian cotton in order to ensure expanded production.

Eligibility: Eligible commodity--1952-crop American-Egyptian cotton of specified grade and staple length, in bales of at least 300 pounds not compressed to high density, produced in the United States from Amsak or Pima 32 varieties of seed.

Eligible participants--producers or associations of producers of eligible 1952-crop American-Egyptian cotton.

Operations: Purchases will be made from eligible producers during the period August 1, 1952 through April 30, 1953 by means of sight drafts drawn on CCC by State or County PMA Committees, or they may be made by PMA Commodity Offices. Cotton must be classed by a Board of Cotton Examiners of the U. S. Department of Agriculture, and purchases will be made on the basis of such classification.

The purchase rate for Grade No. 3, $1\frac{1}{2}$ inches in staple, usually considered the base quality, will average 107.10 cents per pound. Premiums and discounts, with appropriate location differentials, apply for each of the other qualities of eligible cotton. To be eligible for purchase, the cotton must be represented by negotiable warehouse receipts issued by warehouses approved by CCC, must have been produced from Amsak and Pima 32 varieties of American-Egyptian cottonseed, and must have been ginned on a roller gin. All cotton meeting the national stockpile specifications will be made available to the stockpile as soon as possible after purchase.

American-Egyptian cotton acquired and not sold to the national stockpile is sold to the Secretary of Agriculture. CCC is fully reimbursed for losses, if any, from funds made available to the Secretary under Section 304 of the Defense Production Act.

Production expansion of this commodity was necessary in the interest of national defense in order to ensure an adequate supply of good quality extra long-staple cotton in the United States in an emergency.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431); sections 303 and 304 of the Defense

Production Act of 1950, as amended; and Executive Order 10161, as amended by Executive Order 10281.

BASIS, 1954 ESTIMATE: Under recent legislation, price support is mandatory for the first time for extra long-staple cotton, beginning with the 1953 crop. Since the level of support for the 1953 crop will be less than for the 1952 crop, it is expected that the acreage planted to American-Egyptian cotton will decline to 70,000 acres in 1953 compared with 100,800 acres for the 1952 crop and a substantial portion of the yield is expected to be placed under loan. Support under the 1952 program in the form of purchases is estimated at about 93 percent of the production, whereas only 80 percent of the estimated production for 1953 is expected to be placed under loan.

PRESENT OUTLOOK: A production goal of 30,000 bales of extra long staple cotton has been announced since the budget was prepared. The acreage goal is 39,500 acres. Although the 1953-crop is not expected to be as large as in 1952, it is expected that the acreage planted will materially exceed the goal.

Current estimates of the supply of extra long staple cotton for the 1952-53 marketing year, including imports but excluding off-shore purchases for the National Stockpile, are about 200,000 bales. Total requirements, including American-Egyptian cotton delivered to the National Stockpile, are estimated at about 150,000 bales. This would leave the carry-over at the end of the year at 50,000 bales. Imports during the 1953-54 marketing year are expected to total 65,000 bales. A production of 30,000 bales from the 1953-crop would thus result in a supply of approximately 146,000 bales during the 1953-54 marketing year. Requirements are not expected to exceed 105,000 bales, leaving a carry-over of about 41,000 bales. Because of (1) the supply situation, (2) mandatory price support for the 1953-crop, and (3) expected acreage in excess of the goal, it appears desirable for budgetary purposes to continue the price support operations as shown in the budget, at least until further information with respect to the acreage of extra long staple cotton to be planted is available.

1/ Announcement has been made that the level of support for the 1953 crop of extra long staple cotton will be based upon 2.4 times the support level for Upland Cotton with an assured average of 73.92 cents a pound, comprising American-Egyptian at 74.52 cents and Sealand and Sea Island at 56.22 cents.

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton, Upland

SUMMARY OF LATEST OPERATIONS: 1/

Objective: To support the price of cotton at 90 percent of parity as of August 1, 1952, the beginning of the marketing year, and to promote orderly marketing.

Eligibility: Eligible commodity is upland cotton produced in the United States in 1952, of specified grade and staple length, in bales of at least 300 pounds not compressed to high density.

Eligible participants are producers of 1952-crop upland cotton with legal right to pledge it as security for a loan, and cotton cooperative marketing associations acceptable to the President, CCC.

Operations: Warehouse and farm storage loans and purchase agreements are available in all cotton-producing States from the date rates were announced (approximately August 1, 1952) through April 30, 1953, to individual producers, and through May 15, 1953, to cotton cooperative marketing associations. All loans will mature July 31, 1953, or earlier upon demand. Loans are made on warehouse-stored cotton covered by Producer's Note and Loan Agreements, on farm-stored cotton by notes secured by cotton chattel mortgages, and on cotton covered by bills of lading in areas where there is a shortage of storage space and where arrangements can be made for handling the cotton. Loans may be obtained by producers from approved lending agencies. Loans and purchase agreements are made available by CCC through offices of county committees. All cotton must be classed by a Board of Cotton Examiners of the U. S. Department of Agriculture. The classification fee is 25 cents a bale. Support rates are equal to 90 percent of parity as of August 1, 1952. The basic loan rate is applicable to Middling 7/8-inch cotton at average location. The average loan rate for Middling 7/8-inch upland cotton, gross weight, is 30.91 cents per pound (90 percent of the August 1 parity of 34.35 cents per pound). Premiums and discounts, with appropriate location differentials, apply for each of the other qualities of eligible cotton.

Prior to the beginning of the marketing year, loans were available to eligible producers in the early harvesting area at 30.91 cents a pound for Middling 7/8-inch cotton at average location.

Cotton not redeemed by maturity date will be handled in accordance with loan agreements under which CCC has the right to sell, purchase, or pool the cotton upon maturity and nonpayment of the loans.

1/ Announcement has been made that the level of support for the 1953 crop will be 90 percent of parity as of August 1, 1953, with an assured average of 30.8 cents per pound, basis Middling 7/8 inches.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431).

BASIS, 1954 ESTIMATE: For each of the crop years 1952 and 1953, the production of cotton is estimated at approximately 15 million bales. Exports are expected to decline to around 4.5 million bales because of dollar shortages and the availability of cotton from other cotton producing nations. Assuming that the world situation remains relatively the same as at present and business activity continues at about the current level, domestic consumption of cotton is estimated at about 9.5 million bales, making total disappearance of American cotton approximately 14 million bales during the 1953 crop year. Accordingly, the carry-over stocks are expected to approximate 4.7 million bales by the end of the 1953 crop year. These estimates assume that marketing quotas and acreage allotments will not be in effect for the 1953 crop and announcement was made to this effect on October 6, 1952. In the past when the carry-over increased, the amount of cotton entering the loan has tended to increase. Accordingly, on the basis of these estimates, it is anticipated that loans will be made on 2.35 million bales of cotton during fiscal year 1954 and that loans on 1.7 million bales will be repaid by producers.

PRESENT OUTLOOK: The total supply of all cotton for the 1952-53 marketing year is expected to total 17.8 million running bales. Total requirements for cotton during the marketing year are estimated at 13.7 million bales, consisting of around 9.7 million bales for domestic consumption and 4 million bales for export. Thus, the estimated carry-over is 4.1 million bales or 1.3 million bales larger than stocks on hand a year earlier. Estimated requirements for the 1953-54 marketing year are about 13.5 million bales. With a production of 15.0 million bales from the 1953 crop, the total supply during the marketing year would approximate 19.3 million bales. With the increased carry-over and the decline in exports and the consequent effect on prices, it is now estimated that the quantity of cotton to be pledged in 1953 is 2,500,000 bales and 4,500,000 bales in 1954. Detail of the present outlook is as follows:

	1953		1954	
	Quantity (bales)	Value	Quantity (bales)	Value
	(in thousands)			
Loans made	2,500	$400,000	4,500	$720,000
Repayments	517	78,643	2,100	339,250
Loans outstanding, end of year	2,100	339,000	2,500	395,000
Collateral acquired	235	30,626	2,000	324,750
Sales	137	19,645	600	95,183
Inventory, end of year	100	13,933	1,500	258,900
Net receipt or expenditure (-)	-	-237,085	-	-289,901
Net realized gain or loss (-)	-	-557	-	-1,982

PRICE SUPPORT PROGRAM - Basic Commodities

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop peanuts.

Eligibility: 1952-crop, merchantable, farmers' stock peanuts from eligible producers.

1952 crop, farmers' stock, quota peanuts not merchantable only because damage exceeds 7%, will be eligible for cooperative association loans and may also be supported through purchases by CCC.

Producers are eligible if they meet all requirements relative to acreage allotments, marketing quotas, inspection, etc.

Operations: Non-recourse farm and warehouse storage loans are available to eligible producers at 90% of August 1, 1952 parity, averaging about $239.40 per ton, from August 1, 1952 through January 31, 1953 maturing May 31, 1953 or earlier on demand.

Purchase Agreements are available to eligible producers from August 1, 1952 through January 31, 1953. Notification of intention to deliver peanuts must be given to County Committee within a 30-day period ending May 31, 1953 or such earlier ending date as may be required by CCC.

Receipts by Cooperatives: Cooperatives will receive merchantable farmers' stock peanuts from producers at support prices (less CCC approved fees and charges for storing, handling and marketing such peanuts) from August 1, 1952 through such date prior to May 31, 1953 as may be determined by the President of CCC.

Purchases of or cooperative loans on farmers' stock quota peanuts containing more than 7% damage will be available from August 1, 1952 through January 31, 1953.

Loans to cooperatives may be made by CCC, directly or indirectly, to enable them to make payments to producers on farmers' stock peanuts, to pay overhead and other expenses in connection with receiving, storing, marketing and handling the peanuts.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431); and section 359 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393).

BASIS, 1954 ESTIMATE: A basic change from prior programs was made in the 1952-crop peanut price support program which, it is anticipated, will be continued in the 1953-crop program. From a program of loans to shellers and purchases of peanuts from producers used in preceding years, the program was changed to one of only loans and purchase agreements with farmers. (Loans to farmers were provided in previous years' programs but were not utilized by farmers.) Consequently, it is difficult to appraise the price support fund requirements for the 1952 and 1953 crops. It is expected that as the new type of program emphasizing the availability and advantages of loans becomes known and understood by the producers much greater usage of the loan program will be made. It is estimated, therefore, that approximately 663,000,000 pounds (one-half the 1953 marketing quota) will be pledged for loans, and it is estimated that CCC will acquire 39,780,000 pounds of this amount by forfeiture of collateral. Approximately 7,140,000 pounds of peanuts will be delivered under purchase agreements, making a total acquisition of 46,920,000 pounds. This amount represents that portion of the 1953 crop which will be surplus to edible and seed requirements.

It is anticipated that losses from the 1952 and 1953 crops will be considerably reduced from those of recent crops because quota production has been brought approximately into line with demand through substantial reductions in acreage from prior years.

PRESENT OUTLOOK: When the budget was prepared there was no historical basis on which to estimate loan activity under a materially different type of program which had not been offered prior to the 1952 crop. On the basis of partial experience on the new-type program for the 1952 crop now available, it is estimated that loans and purchase agreements on the 1952 and 1953 programs will be 127 million pounds and 310 million pounds, respectively, and take-over on the 1952 crop will be 110 million pounds. Further, the 1952 crop year production of peanuts is now estimated at approximately 1,365 million pounds more while domestic disappearance and exports are estimated to be 1,266 million pounds and the carry-over into crop year 1953 will be 1,778 million pounds. The total supply for crop year 1953 is now estimated at 1,838 million pounds. It is assumed that the carry-over will have the effect of substantially increasing fiscal year 1954 loan operations over those for fiscal year 1953. However, in view of the estimated increase in domestic disappearance and exports during the 1953 crop year, it is estimated that repayments of loans will be heavy and that collateral acquisitions will be made on only 37 million pounds during fiscal year 1954 as compared to 110 million estimated for fiscal year 1953. The detail of the present outlook is as follows:

	1953		1954	
	Quantity (pounds)	Value	Quantity (pounds)	Value
	(in thousands)			
Loans made	125,000	$13,750	300,000	$33,000
Repayments	72,336	7,358	263,000	28,930
Loans outstanding, end of year	-	-	-	-
Collateral acquired	110,000	12,100	37,000	4,070
Purchase agreements made	2,000	240	10,000	1,200
Sales	47,273	3,805	95,000	7,845
Inventory, end of year	206,500	26,078	151,500	18,790
Net receipt or expenditure (-)	-	-5,432	-	2,285
Net realized gain or loss (-).	-	-1,930	-	-5,003

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATIONS.

Objective: To support the price of rice at 90% of parity and to promote orderly marketing.

Eligibility: Eligible commodity is 1953-crop rough rice grading No. 5 or better.

Eligible participants are producers and associations of producers of 1953-crop rice.

Operations: Nonrecourse loans will be available from harvest through January 31, 1954, and will mature April 30, 1954; or earlier on demand. Loans will be made on a note-and-chattel mortgage basis for rice stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. The level of support will be 90 percent of parity as of August 1, 1953, with an assured national average support price of $4.84 per hundredweight. Premiums and discounts will apply for the various varieties, grades, and milling qualities.

Purchase agreements will be offered to producers from harvest through January 31, 1954. Producers desiring to sell rice to the Corporation under a purchase agreement will have a 30-day period during which to declare their intention to sell. This period will end on April 30, 1954. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431), and Defense Production Act of 1950, as amended (Public Law 429 approved June 30, 1952).

BASIS, 1954 ESTIMATE: An acreage goal of 2,075,000 acres has been announced for the 1953 crop, which is slightly more than the 1952 crop planted acreage. The estimated production is about 49 million hundredweight. This production, plus estimated carry-in stocks of 2.1 million hundredweight, and imports of 400,000 hundredweight, will provide a total supply of about 51 million hundredweight. Very heavy export demand in the first part of fiscal year 1953 reduced the amount that normally was put under price support, but it is anticipated that this export demand will be spread evenly throughout the fiscal year 1954 with a greater amount being put under price support during the marketing period. Markets at or above support levels are expected to be available for most of the crop, but it is estimated that orderly marketing of the crop will require price support on about 9 million hundredweight but that only about 1.25 million hundredweight will be delivered to CCC in settlement of loans and purchase agreements, because the rice is of types or qualities not in demand at certain times.

the crop will require price support on about 9 million hundredweight but that only about 1.25 million hundredweight will be delivered to CCC in settlement of loans and purchase agreements, because the rice is of types or qualities not in demand at certain times.

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support and stabilize tobacco prices in a manner most effective and desirable from the viewpoint of CCC, tobacco growers, and tobacco buyers.

Eligibility: Eligible commodity is tobacco of the 1952-crop grown in the United States and Puerto Rico. Eligible borrowers are growers of eligible tobacco who are in compliance with applicable regulations prescribed by the Secretary with respect to tobacco acreage allotments and marketing quotas, except that such compliance is not required for loans on tobacco purchased by tobacco companies for the account of cooperatives on regular auction markets for British manufacturers and dealers.

Operations: Nonrecourse loans are offered to cooperators at following levels: flue-cured, Burley and Puerto Rican, 90% of parity; fire-cured, 75% of Burley rate; dark air-cured and Virginia sun-cured, 66-2/3% of Burley rate.

No support will be available to non-cooperators. The loan rates will be based on the parity price as of July 1, 1952 for flue-cured and as of October 1, 1952 for the other types. No loans, except those necessary to cover carrying and handling charges, will be made under the program prior to or after the dates indicated:

	Earliest Date	Latest Date
Flue-cured	July 1, 1952	February 28, 1953
Burley, fire-cured, dark air-cured, and Virginia sun-cured	Nov. 1, 1952	April 30, 1953
Puerto Rican	Feb. 1, 1953	Sept. 30, 1953

Loans mature on demand, but not later than June 30, 1955, unless extended by CCC.

Loans are made through grower cooperative associations or other responsible organizations which act for groups of growers in receiving, handling, and selling their tobacco. No commercial insurance is carried on tobacco collateral. In lieu thereof the Corporation assumes the physical loss or damage on the tobacco and charges the loan account with a collateral fee of 1-1/2 cents per month per $100 outstanding on the principal amount of the loan on tobacco stored in Continental United States and 3 cents per $100 per month on tobacco stored in Puerto Rico. However, if commercial insurance is carried on any part of the loan by any organization having an insurable interest therein, the collateral fee will not be charged to the loan account with

respect to such part of the loan tobacco and CCC will not assume the risk thereon.

Under the loan agreements the cooperatives in the auction areas bear overhead costs in connection with the loan operation in an amount not less than 12 cents per cwt. and are authorized to pass this charge on to the grower. The charge in Puerto Rico, a non-auction marketing area, will be $1.00 per cwt.

Cooperatives under contract with CCC may enter into contracts with companies normally purchasing U. S. tobacco for British manufacturers whereby such companies may buy, pack, and store, for the account of the cooperatives, tobacco offered for sale on auction markets. Tobacco so acquired by cooperatives may be pledged as security for CCC loans. Companies must invest at least $2.00 per hundred pounds in consideration of a 12-month option to purchase the tobacco for the amount invested plus interest of 3½ percent per annum.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431).

BASIS, 1954 ESTIMATE: This estimate reflects 12½ percent reduction in acreage allotments for the 1953-crop of flue-cured tobacco as proclaimed by the Secretary; however, the reported acreage lost due to drought conditions may make it advisable for the quota to be increased later in the year. The estimates contain an acreage reduction of 10 percent for Burley tobacco. Acreage for other types of tobacco is expected to be about the same as for the previous crop year.

The estimated yield per harvested acre of 1953 tobacco is about equal to that for the 1951 tobacco and higher than the present outlook for the 1952 crop. Based on the reduced acreage of flue-cured and Burley and the indicated yield, total production of 1953-crop tobacco is estimated at 2,125 million pounds. With a carry-in of 3,808 million pounds and estimated imports of 117 million pounds, total supply is estimated at 6,050 million pounds for the 1953-54 marketing year. Domestic disappearance is estimated to be slightly higher as the upward trend in cigarette production is expected to continue. Also, exports are anticipated to be higher than in the previous year. A carry-out of 3,810 million pounds is indicated.

It is estimated that 200 million pounds of 1953-crop tobacco will be pledged for loans as compared with the 360 million pounds anticipated for the 1952 crop and 236.6 placed under loan from the 1951 crop. While under normal conditions the estimated reduced production of 1953 and 1952 tobacco, compared with previous years, would have resulted in a smaller loan program, the reduced purchases of tobacco by the United Kingdom works to maintain the carry-out at a high level.

PRESENT OUTLOOK: A review of the status of the tobacco price support program indicates that 330 million pounds and 200 million pounds of tobacco will be pledged for loans during fiscal years 1953 and 1954, respectively. It is now estimated that the average loan rate during the fiscal year 1953 will be somewhat lower than was contemplated previously and that the average loan rate during the fiscal year 1954 will be higher.

The detail of the present outlook is as follows:

	1953		1954	
	Quantity (pounds)	Value	Quantity (pounds)	Value
	(in thousands)			
Loans made	330,000	$175,000	200,000	$130,000
Repayments	255,000	162,726	200,000	112,000
Loans outstanding, end of year	454,948	205,308	454,948	222,608
Collateral acquired	571	144	-	-
Sales	1,865	459	2,176	547
Inventory, end of year	2,462	685	286	76
Net receipt or expenditure (-)	-	-12,090	-	-17,792
Net realized gain or loss (-).	-	-1,290	-	-1,101

PRICE SUPPORT PROGRAM, Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wheat at 90 percent of parity and to promote orderly marketing.

Eligibility: Eligible commodity is wheat produced in 1953 and shall be (1) any class grading No. 3 or better; or (2) any class grading No. 4 or No. 5 on the factor of "test weight" and/or because of containing "Durum" and/or "Red Durum" but otherwise grading No. 3 or better. Eligible participants are 1953-crop wheat producers.

Operations: Nonrecourse loans are available from harvest (about May 15) through January 31, 1954, and will mature April 30, 1954, or earlier on demand. Farm-storage loans are made on a note-and-chattel mortgage basis and warehouse-storage loans are made on a note-and-loan agreement basis. Loans may be obtained from approved lending agencies or direct from the Corporation. The level of support will be 90 percent of parity as of July 1, 1953, with an assured minimum national average support price of $2.21 per bushel.

Purchase agreements are offered to producers from harvest through January 31, 1954. A producer desiring to deliver wheat to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1954, or ending on such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431); and Defense Production Act of 1950, as amended (Public Law 429 approved June 30, 1952).

BASIS, 1954 ESTIMATE: It is estimated that the 1953-crop wheat goal of 72 million acres will produce 925 million bushels. A crop of this size will meet both domestic and export requirements and result in a slight decrease in carryover stocks. This production, together with estimated carryin stocks of 560 million bushels and imports of 5 million bushels, will provide a total supply of 1,490 million bushels for the 1953-54 marketing year. Domestic disappearance is estimated to be 690 million bushels and exports are estimated to be 300 million bushels. Thus, carryout stocks are estimated at 500 million bushels with the

Corporation holding 400 million bushels and producers and commercial channels holding the balance of the carryover on June 30, 1954. This distribution of carryover stocks is in line with recent years' holdings.

Price support loan and purchase agreement operations are estimated to correspond roughly with the total supply each year, i. e., 317.5 million bushels under loan and purchase agreement for the 1954 fiscal year; 420 million bushels for the 1953 fiscal year; and 223.4 million bushels for the 1952 fiscal year.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Honey

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price which beekeepers receive for honey.

Eligibility: Eligible participant for purchase agreements and loans is any individual, partnership, association, or corporation producing extracted honey in the 1952 marketing season.

Eligible commodity is limited to extracted honey produced in Continental United States 1/, packed in 60-pound or larger containers, and equivalent to or better than U. S. Grade C.

1/ Although docket carries authority for the program in Hawaii and Puerto Rico, no program operations are expected in these areas this season because of the favorable marketing conditions there.

Operations: Loans and purchase agreements may be entered into from April 1, 1952 through December 31, 1952 for 10 Southern States and from July 1, 1952 through December 31, 1952 for all other States, to mature not later than March 31, 1953.

The loan and purchase agreement rates range from 9-1/2¢ to 12-1/4¢ per pound based on geographic location, grade and color. The rates are expected to result in a National average of 11.4¢ per pound, which is 70 percent of the April 1, 1952 parity on extracted honey adjusted to a 60-pound container basis.

Loans are made by sight drafts drawn on CCC by the county offices or by approved lending agencies under agreement with CCC. Loan rate is determined on the basis of a sample from the lot or lots which will be placed under loan.

Farm Storage Loan - Honey is to be stored in an approved storage structure located on or off the producer's premises, excluding public warehouses. Producer is obligated to maintain the structure in good repair and keep honey in good condition. Upon maturity, the producer must pay off the loan or deliver the honey at points specified by the State or county committee. Settlement with producer will be made on the basis of the applicable support price for the grade and quantity delivered.

Warehouse-storage loans are made on honey stored in packers' or public warehouses acceptable to CCC. Upon maturity, if the producer fails to redeem the honey, CCC takes title.

Purchase agreement deliveries may be made at the applicable support price for the commodity on any quantity within the maximum specified in the agreement.

Contracts on a negotiated or bid basis may be entered into with commercial honey packers for processing or repackaging which may be required either to protect or to facilitate the disposition of the commodity.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS, 1954 ESTIMATE: The estimate is based on a probable production of about 250 million pounds of honey, a total supply of 279 million pounds, and domestic utilization and exports of about 244 million and 20 million pounds, respectively. The loan and purchase agreement method of price support for honey was adopted for the 1952-53 marketing season beginning April 1, 1952. In view of the increasing familiarity, among producers, of the benefits obtainable from a loan/purchase agreement type of support program and the likelihood of weaker demand early in the season compared to 1952-53, it is estimated that the Corporation may acquire up to 25 million pounds. Outlets exist through School Lunch and other eligible Section 32 distribution channels for approximately 25 million pounds of table grade honey. Any additional supplies acquired would either be carried over into subsequent years or disposed of in any other channels available to CCC.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Milk and Butterfat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the general levels of prices to producers for milk and butterfat and the products of such commodities from April 1, 1953 to March 31, 1954.

Eligibility: Eligible dairy products must be produced and located in the Continental United States and must be in units of not less than tariff minimum carlots for the area where the products are located. Under present operations the following products are eligible:

Butter must be U.S. Grade B or higher, solid packed in commercial containers.

Nonfat dry milk solids must be spray and roller process, U.S. Extra Grade, packed in export containers.

Cheese must be American Cheddar of U.S. Grade A or higher, packed in commercial domestic or export containers.

Operations: Purchases will be made on the basis of offers and acceptances pursuant to announcements setting forth the terms and conditions of purchase. Purchase contracts will be dated after March 31, 1953 and not later than March 31, 1954. The Corporation has issued an announcement to purchase the three dairy products in carlot quantity at the following prices:

Butter, U.S. Grade A or higher	Chicago	65.75	cents	per	lb.
	New York	66.50	"	"	"
	San Francisco	66.75	"	"	"
	Seattle	66.75	"	"	"
Butter, U.S. Grade B	Chicago	63.75	"	"	"
	New York	64.50	"	"	"
	San Francisco	64.75	"	"	"
	Seattle	64.75	"	"	"
Cheddar cheese, U.S. Grade A or higher		37.00	"	"	"
Nonfat dry milk solids, U.S. Extra Grade,					
	Spray	16.00	"	"	"
	Roller	14.00	"	"	"

Purchases of butter will be made on a "basing point" method. Base prices will be at the four terminal markets listed above. The purchase price at other points will be at the price of the market named by the seller less 80% of the lowest published domestic railroad carlot freight rate per pound gross weight from the offer point to the designated market.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Title II of the Agricultural Act of 1949 (7 U.S.C. 1446).

BASIS, 1954 ESTIMATE: Milk production during the major part of the current marketing year has been running below the level of a year ago and is at the lowest per capita rate on record. In view of the labor and other production difficulties facing dairy farmers, and the alternatives available to them, prices of milk and butterfat at least equal to 90 percent of parity will be necessary to help maintain milk production during the fiscal year 1954.

As in recent years, commercial imports and exports of dairy products are likely to be minor factors in the market situation. Exports have declined from the war and immediate post-war levels and no increase is expected during the next couple of years. Assuming the continuation of present legislation controlling imports, the level of imports of dairy products also is not expected to change much during this period.

Domestic demand for fluid milk and most dairy products is expected to increase during 1953 and 1954. The weakest part of the demand picture will continue to be the demand for butter. Farm prices of milk and butterfat may increase moderately as a result of increased demand, even though wholesale prices generally remain near present levels. A moderate recovery in farm milk production from the present low level also is likely.

Only moderate purchases of dairy products will be necessary, therefore, to support prices to producers for milk and butterfat during the fiscal years 1953 and 1954. The gross purchases of dairy products provided for in the budget estimates for those years are equal to only about one percent of total milk production in the United States. These purchases also may be largely seasonal in nature.

PRESENT OUTLOOK: Milk production during most of 1952 was below the level of a year earlier and the lowest per capita rate on record, largely as a result of widespread drought conditions during the summer months of seasonally heavy production. During the latter part of the year, production conditions improved, and output of both milk and dairy products declined less than seasonally, resulting in contraseasonal price declines to support purchase levels. CCC purchased a small quantity of cheese during the early summer months, and purchased nonfat dry milk solids during most of the year. With the decline in market prices in late 1952, purchases of butter, cheese and nonfat dry milk solids increased.

The anticipated gross USDA purchases of dairy products for the fiscal years 1953 and 1954 are estimated at approximately four percent and three percent, respectively, of total milk production in the United States. It is presently estimated that purchases during 1953 and 1954 will aggregate $225,900,000 and $128,800,000, respectively. The purchases in 1954 may be partly seasonal in nature. The estimates assume disposition by sales in domestic markets, distribution to Section 32 programs and export sales at less than CCC cost. In addition, substantial quantities of dairy products are estimated for donation to eligible recipients in accordance with Section 416 of the Agricultural Act of 1949.

Detail of the present outlook is as follows:

BUTTER

	1953		1954	
	Quantity (pounds)	Value	Quantity (pounds)	Value
	(in thousands)			
Direct purchases	185,000	$123,200	100,000	$66,000
Sales	20,732	14,300	100,000	69,000
Inventory, end of year	164,268	112,600	64,268	43,100
Donations	-	-	100,000	69,000
Net receipt or expenditure (-)	-	-112,600	-	500
Net realized gain or loss (-).	-	-	-	-69,000

CHEESE

Direct purchases	100,000	38,600	60,000	22,800
Sales	20,560	6,275	64,400	23,745
Donations	-	-	40,000	16,200
Inventory, end of year	80,000	32,400	35,600	14,400
Net receipt of expenditure (-)	-	-34,325	-	-455
Net realized gain or loss (-).	-	-2,146	-	-18,455

MILK, Non-fat, Dry

	1953		1954	
	Quantity (pounds)	Value	Quantity (pounds)	Value
	(in		thousands)	
Direct purchases	385,000	$64,100	250,000	$40,000
Sales	104,889	12,373	240,000	24,900
Donations	-	-	75,000	13,300
Inventory, end of year	310,000	54,300	245,000	40,700
Net receipt or expenditure (-)	-	-55,727	-	-17,700
Net realized gain or loss (-).	-	-6,471	-	-31,300

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Mohair

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of mohair to producers during the period May 1, 1953 through March 31, 1954 at 78% of April 1, 1953 parity.

Eligibility: Domestic mohair secured by approved warehouse receipts produced in 1953, title and beneficial interest in which is retained by producers. Mohair offered for nonrecourse loans shall be in merchantable condition in approved warehouses.

Operations: Advance recourse and nonrecourse loans to producers through handlers will be made available by CCC operating through PMA Commodity Offices. Advance loans will not exceed 70 percent of the estimated appraisal value. Notes covering advance recourse loans will become payable on or before 5 months from date or on April 30, 1954, whichever is earlier. When application for appraisal has been made but appraisal has not been completed prior to maturity date, the maturity date may be extended beyond the 5-month period but not later than April 30, 1954. Nonrecourse loans will mature April 30, 1954, or earlier upon demand. Application to convert advance recourse loans to nonrecourse loans may be made at any time before the maturity date of the recourse loans.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS, 1954 ESTIMATE: Current market prices would indicate that mohair prices would not need to be supported during fiscal years 1953 and 1954. However, mohair prices are subject to wide fluctuations. Also, there are numerous grades and classes of mohair that may show divergent trends in demand and prices. Price trends for mohair during the past two years have tended to fluctuate with military demand. Military orders for wool and mohair textiles have declined in the past year. In addition to this factor, supplies of coarse crossbred wools substitutible for mohair have accumulated in Argentina. The Argentine Government is endeavoring by foreign exchange adjustments to move the accumulations of 1951 and 1952 wools. The possible effect of these efforts of the Argentine Government is a sudden sharp break in world prices for coarse wools which would be reflected in lower mohair prices and activation of a price support program for mohair.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Tung Nuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop tung nuts.

Eligibility: Producers of 1952-crop tung nuts. Tung nuts must be matured, air dried with hard hulls and suitable for milling. Tung oil must meet federal specifications.

Operations: Non-recourse loans and purchase agreements on eligible tung oil are available from November 1, 1952 through June 30, 1953, maturing October 31, 1953, or earlier on demand. Loans are made on a note and loan agreement basis with a warehouse receipt constituting the security. The support price for eligible tung oil shall be determined by the President, CCC, on the basis of a formula designed to reflect the support level of tung nuts.

Purchase agreements are available on eligible tung nuts from November 1, 1952 through January 31, 1953, at the higher of $67.20 per ton or 60% of the November 1, 1952 parity price. The producer may deliver tung nuts or tung oil at his option, so long as the quantity does not exceed the maximum amount of tung nuts, or tung oil equivalent, specified in the purchase agreement.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS, 1954 ESTIMATE: Based on the assumption that the embargo against Chinese tung oil will continue during the 1953 and 1954 fiscal years, it is assumed that the market price of tung oil will remain above the support level, and consequently no losses will be sustained on the 1952 and 1953 crops. On the 1951 crop no loans or purchases were made and no losses sustained since the market price was substantially above the support price. It is possible that no loans or purchase agreements will be made on the 1952 and 1953 crops. However, loans and purchase agreements covering approximately one-fourth of the crop in these years are provided on the basis that some producers may would desire to obtain loans or to enter into purchase agreements as a means of obtaining financing while they held their oil to provide for orderly marketing.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Wool

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wool to producers during the period May 1, 1953 through March 31, 1954 at 90% of April 1, 1953 parity.

Eligibility: Domestic wool shorn or pulled in 1953, title and beneficial interest in which is retained by producers. Shorn wool offered for nonrecourse loans or pulled wool tendered for purchase shall be in merchantable condition in approved warehouses.

Operations: Advance recourse and nonrecourse loans to producers through handlers will be made available on shorn wool by CCC operating through PMA Commodity Offices. Advance loans will not exceed 70 percent of the estimated appraisal value. Notes covering advance recourse loans will become payable on or before 5 months from date or on April 30, 1954, whichever is earlier. When application for appraisal has been made but appraisal has not been completed prior to maturity date, the maturity date may be extended beyond the 5-month period but not later than April 30, 1954. Nonrecourse loans will mature April 30, 1954, or earlier upon demand. Application to convert advance recourse loans to nonrecourse loans may be made at any time before the maturity date of the recourse loans.

Purchases of pulled wool from producers or through handlers will be made by CCC operating through PMA Commodity Offices.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS, 1954 ESTIMATE: The volume of loans estimated for fiscal years 1953 and 1954 is based upon current and expected production and market conditions. United States production for 1953 is expected to be about the same as 1952 production. World production of wool is greater than world consumption, compared with the reverse situation from 1946 through 1950. World consumption is increasing slightly, but the rate of increase is currently too slow to indicate strong world prices for wool. The expected farm price is so close to the expected parity that farm and market prices are expected to be lower than support prices for extended periods, thus inducing applications for loans. The farm price has been below the support level for 8 consecutive months in the calendar year 1952. In the current market many grades and classes of domestic wools are selling below loan values and many foreign wools, duty paid, are selling under domestic wools.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop barley in order to assure adequate supplies to support high-level livestock production and to promote orderly marketing.

Eligibility: Eligible commodity is barley produced in 1953 and grading No. 5 or better or No. 5 Garlicky or better. Eligible participants are producers of 1953-crop barley.

Operations: Nonrecourse loans are available from harvest (about May 15, 1953) through January 31, 1954 and will mature April 30, 1954, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans are made on a note-and-chattel mortgage basis for farm-stored barley and on a note-and-loan agreement basis for warehouse-stored barley. The national average support price is $1.24 per bushel. This support price is 85 percent of August 15, 1952 parity price for all barley. It was estimated that this support price would not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements are offered to producers from harvest through January 31, 1954. A producer desiring to deliver barley to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1954. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This budget estimate is based on an estimated planted acreage for the 1953 crop of 10 million acres, which is about the same as the planted acreage for the 1952 crop. To encourage producers in maintaining production, a support level of 85 percent of parity for the 1953 crop has been announced as compared to 80 percent on the 1952 crop. This increase in the support level is not expected to result in an increase in price support loans due to the strong demand for feed grains which is expected to maintain market prices above the price support level. However, producers will need the loan and purchase agreement operations to assist in orderly marketing.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Beans, Dry Edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support 1953-crop dry edible beans at prices designed to encourage balanced production by classes and to promote orderly marketing. The prices reflect an average price of $7.79 per 100 pounds.

Eligibility: Eligible commodity is dry edible beans of the classes: Pea, Medium White, Great Northern, Small White, Flat Small White, Pink, Small Red, Pinto, Red Kidney, Large Lima, and Baby Lima produced in 1953 grading No. 2 or better. Eligible participants are producers or cooperative marketing associations of producers of 1953-crop dry edible beans.

Operations: Nonrecourse loans are available from harvest through January 31, 1954 and will mature April 30, 1954, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for farm-stored beans and on a note-and-loan agreement basis for warehouse stored beans. Loans may be obtained from approved lending agencies or direct from the Corporation.

Purchase agreements are offered to producers from harvest through January 31, 1954. A producer who elects to deliver beans to the Corporation under a purchase agreement must declare his intentions to sell within a 30-day period ending April 30, 1954. The producer is not obligated to sell any specified quantity; however, the quantity specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This is based upon a strong demand for all classes of beans except possibly Baby Limas. The total supply has reduced each year since 1950 and it is expected that the 1953 acreage will be increased and that the greater production will move into markets at prices somewhat above the support level.

It is estimated that CCC stocks will be completely exhausted during the fiscal year 1954. It is expected, however, that producers will continue to use the support program as a means of assistance in orderly marketing and that deliveries will be small.

PRESENT OUTLOOK: It is now estimated that loans will be made on approximately 1,900,000 hundredweight during 1953. Detail of the present outlook is as follows:

	1953		1954	
	Quantity (cwt.)	Value	Quantity (cwt.)	Value
	(in thousands)			
Loans made	1,900	$15,500	2,000	$15,700
Repayments	1,254	9,719	1,500	11,850
Loans outstanding, end of year	-	-	-	-
Collateral acquired	650	5,810	500	3,850
Purchase agreements made	450	4,000	500	4,050
Sales	3,676	27,170	2,000	16,000
Inventory, end of year	1,400	11,650	-	-
Net receipt or expenditure (-)	-	18,393	-	10,296
Net realized gain or loss (-)	-	-4,080	-	-1,354

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Cottonseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop cottonseed to eligible producers.

Eligibility:

a. Commodities:

(1) Cottonseed produced in Continental United States in 1952 by an eligible producer. For farm storage loans, or warehouse storage loans on an identity preserved basis, cottonseed must not have more than 11% moisture; cottonseed stored in warehouses on commingled basis must show weight and grade on warehouse receipts.

(2) Cottonseed end products from oil mills under contract with CCC.

b. Participants:

(1) Producers of 1952 crop cottonseed as individuals, partnerships, corporations, associations or other legal entity.

(2) Participating ginners (those filing notice with County Committee of intention to participate in program).

(3) Participating oil millers (those operating under 1952 CCC Cottonseed Bulletin 3).

Operations: Loans: Farm-storage non-recourse loans will be made through January 31, 1953, maturing March 1, 1953 or earlier on demand, at $66.40 per ton to producers, directly by CCC and through approved lending agencies, on a note and chattel mortgage basis for cottonseed stored in approved structures (on or off farm) provided no warehouse receipts are outstanding.

Warehouse-storage non-recourse loans will be made through January 31, 1953, maturing March 1, 1953 or earlier on demand, at $66.40 per ton to producers on the basis of a note and loan agreement secured by warehouse receipts issued by CCC-approved warehousemen. If not stored on an identity-preserved basis, the loan rate will be made at the settlement rate for the grade indicated on the warehouse receipts.

Purchase Agreements will be available to producers through January 31, 1953 at the settlement rate of $66.40 per

ton for basis grade (100) cottonseed. The producers will not be required to deliver any specified quantity of cottonseed, but must notify the PMA County Committee of their intention to deliver cottonseed during a 30-day period ending March 1, 1953, or such earlier ending date as the President of CCC may direct.

Purchases: CCC will issue an open offer to purchase cottonseed from participating ginners through February 28, 1953 at the purchase rate of $66.40 per ton for basis grade (100) cottonseed, f.o.b. gin. Such ginners must agree to pay eligible producers not less than the support price of $62.40 per ton for basis grade (100) cottonseed. In areas where ginner participation is certified by the State PMA Chairman to be insufficient, CCC will purchase eligible cottonseed directly from eligible producers. CCC will also issue an open offer to purchase certain cottonseed end products, from participating oil mills, for delivery not later than September 15, 1953. Such mills must have previously agreed to purchase eligible cottonseed from CCC, from participating ginners (at not less than the above f.o.b. gin price) or from producers (at not less than support price which the ginner would have to pay the producers) . All support and purchase prices above mentioned are subject to premiums and discounts.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: The budget estimate for fiscal year 1954 is based on the assumption that acreage allotments and marketing quotas will not be in effect for the 1953 crop. Price of cottonseed is largely determined by prices received for end products. Assuming present prices for cottonseed oil and linters will continue through 1953 crop year, which is quite likely in view of the fact that no substantial diminution in supply is contemplated, it is estimated that 20,000 tons of cottonseed will be placed in loan and that cottonseed products equivalent to 875,000 tons of cottonseed will be purchased.

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PRESENT OUTLOOK: Since the Budget Estimates were prepared there has been a sharp break in the market prices of cottonseed products. It is customary for most farmers to dispose of their cottonseed, except those saved for planting purposes, as the cotton is ginned. Generally, each crop of cottonseed is processed during the crop year regardless of market price. The supply and demand relationship is thus transferred from cottonseed to the end products. Large domestic crops of soybeans and cottonseed and a decline in edible oil exports due to increased world production have resulted in lower cottonseed oil prices; competition with cheaper wood pulp has caused a severe decline in the cellulose linter market; and cottonseed meal, which for some months had been selling at ceiling prices, has recently fallen below ceiling levels. As a result, it is presently estimated that purchases of linters and meal in 1953 and purchases of oil in both 1953 and 1954 will be more substantial than previously anticipated. The detail of the present outlook is as follows:

COTTON LINTERS

	1953		1954	
	Quantity (pounds)	Value	Quantity (pounds)	Value
	(in thousands)			
Direct purchases	230,000	$20,700	80,000	$16,560
Sales	53,593	5,865	120,000	11,820
Inventory, end of year	230,000	21,320	290,000	28,010
Net receipt or expenditure (-)	-	-15,985	-	-6,690
Net realized gain or loss (-)	-	-	-	-

COTTONSEED MEAL

Direct purchases	973,750	29,212
Sales	973,750	36,027
Inventory, end of year	-	-
Net receipt or expenditure (-)	-	6,815
Net realized gain or loss (-)	-	6,815

COTTONSEED OIL, REFINED

Direct purchases	648,000	115,152	270,000	48,060
Sales	20,000	3,288	306,476	53,960
Inventory, end of year	706,476	129,566	670,000	128,081
Net receipt or expenditure (-)	-	-115,938	-	-1,607
Net realized gain or loss (-)	-	-382	-	-3,092

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953 crop flaxseed in order to maintain an adequate supply and to promote orderly marketing.

Eligibility: Eligible flaxseed is that produced in 1953 and grading No. 2 or better. Eligible participants are producers of 1953-crop flaxseed.

Operations: Nonrecourse loans are available from about April 1, 1953 through October 31, 1953, in Arizona and California and through January 31, 1954 in all other States. Loans are made on a note-and-chattel mortgage basis for flaxseed stored on the farm and on a note-and-loan agreement basis when stored in an approved public warehouse. Loans will mature on January 31, 1954, or earlier on demand in Arizona, California and Texas counties not designated as purchase counties and on April 30, 1954 in all other States. The national average support price for flaxseed grading No. 1 is $3.79 per bushel. This support price is 80 percent of the parity price of all flaxseed as of August 15, 1952. It was estimated that this support price would not exceed 90 percent of parity as of July 1, 1953, the beginning of the marketing year.

Purchase agreements are available on eligible flaxseed for the same periods and areas as are loans. A producer electing to deliver flaxseed to the Corporation must declare his intention in this regard within a 30-day period ending January 31, 1954 in Arizona and California and ending April 30, 1954 in all other States, or on such earlier dates as may be prescribed by the President, CCC. The producer is not obligated to sell any specific quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Direct purchases, if necessary, will be made in designated Texas counties from harvest through July 31, 1953, if the market price is not equal to or in excess of the support in such counties. This operation may be necessary, since flaxseed produced in this area contains excess moisture and cannot be stored without deterioration.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: Because of the stocks of linseed oil and requirements, a production goal of 3 million acres would be sufficient. It is estimated that production from the 3 million acres will be 27 million bushels as compared with the 31 million bushels for the 1952 crop. The 1953 crop will be supported at $3.79 per bushel which is about the same as for the 1952 crop. The increase in the support level for the 1952 and 1953 crops over that for the 1951 crop was necessary to assist in halting the declining production of flaxseed which is essential in the defense program. The higher support level has made the loan operations more attractive to producers, thus increasing price support activity.

The carryover of flaxseed and linseed oil is expected to be reduced. It is also expected that the demand for linseed oil and meal will maintain prices slightly above the price support level and that any quantity of flaxseed delivered under the program will be sold during the fiscal year.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To help maintain adequate supplies and facilitate the orderly distribution of gum naval stores produced in the United States by supporting the level of prices to producers at 90 percent of estimated April 1, 1953 crude gum parity.

Eligibility: Eligible naval stores include (1) processed turpentine meeting prescribed specifications and stored in approved bulk tanks, (2) processed rosin, Federally graded X through I, packed in specified metal drums and placed in approved storage, and (3) the turpentine and rosin content of crude gum stored at processing plants adequately equipped with crude gum storage facilities. Producers may pledge the turpentine and rosin content of stored crude gum, the warehouseman being obligated to process the gum within specified time limits and deliver processed turpentine and rosin equal to or better than the grades and weights on which the loan is based.

Eligible borrowers are producers who are members of the American Turpentine Farmers' Association Cooperative of Valdosta, Georgia, who cooperate in the 1953 Gum Naval Stores Conservation Program or otherwise follow good forestry conservation practices as determined by the Department.

Operations: Loans are governed by an agreement between CCC and the single producer association representing about 95 percent of domestic gum production. Loans are available to eligible producers throughout the producing area during, and on production harvested in, the calendar year 1953 and mature March 31, 1954 or earlier on demand. The loan rate, estimated April 1, 1953 at 90 percent of parity and applied to the gum naval stores production unit of 50 gallons of turpentine and 1,400 pounds of rosin, is $129.81. Initial loan rates are 50 cents per bulk gallon of turpentine and $7.49 per cwt. of rosin, Grades WG, WW, and X, with a rate of 10 cents lower for Grades N, M, K and I.

Producers are required to execute an agreement with the Association containing the terms and conditions upon which the loan is made. The Association enters into agreements with warehousemen and such agreements are assigned to CCC. Payment of the loan proceeds to the producer is effected by the warehouseman (acting as agent of the Association) making request therefor upon CCC through the Association. Such payments are made by check directly to producers or their designees by the Atlanta Federal Reserve Bank.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE:

Rosin: Production of all types of rosin during the crop years 1952 and 1953 is estimated at 2,060,000 drums, compared with approximately 2,418,000 drums during 1951. This production, together with actual carry-in stocks approximating 796,000 drums and small imports of Mexican gum rosin, will provide a total available supply during the crop year 1952 of approximately 2,858,000 drums. Owing to reduced output, the supply during the crop year 1952 is estimated at 5½ percent less than the previous crop year. However, increased carry-in stocks for the crop year 1953 (reflecting, in part, pledges under the price support programs) should provide a total supply of approximately 2,995,000 drums, approximately 5 percent greater than the supply during the crop year 1952 and only 1 percent less than the 1951 supply.

The domestic market is expected to absorb 1,400,000 drums of each of the 1952 and 1953 crops. This is 14 percent less than domestic disappearance during the 1951 crop year. The decline is explained in part by the increased use of raw commodities other than rosin in the manufacture of synthetic resins and in the protective coating field generally. Similarly, it is anticipated that the intensified dollar exchange situation will reduce rosin exports during crop years 1952 and 1953 to 525,000 drums, approximately 13 percent below 1951 levels.

Carry-out stocks on March 31, 1953 should approximate 933,000 drums or about a 4-months' supply. Because of the accumulation of loan stocks, the carry-out on March 31, 1954 is estimated at 1,070,000 drums.

The market value of rosin is expected to average $7.40 per cwt. net during the crop year 1952 and $7.65 during the crop year 1953. The support levels are projected at $7.48 for the 1952 crop and $7.49 for the 1953 crop.
Under these anticipated conditions of increasing supplies and resultant decreasing prices, producers are expected to pledge nearly 40 percent of the 1952 and 1953 gum rosin crops or about double the percentage pledged from the 1951 crop. It is anticipated that part of these pledges will be redeemed during the slack production season. In order not to vitiate the effects of anticipatedly active price support programs, any substantial liquidation of CCC-held rosin collateral is believed improbable during the 1953 and 1954 fiscal years. By the close of the fiscal year 1954, it is anticipated that CCC-held gum rosin stocks will approximate 814,000 drums.

Turpentine: For each of the years 1952 and 1953, production of all types of turpentine is estimated at 31,000,000 gallons (620,000 barrels of 50 gallons each), approximately 9 percent under 1951 output. This production, together with carry-in stocks of 9,722,000 gallons and imports from Mexico of 1,000,000 gallons, would provide a total supply of 41,722,000 gallons during the crop year 1952. This is almost identical to the supply during the previous year. Because of loan pledges in the 1952 program, carry-in stocks for the crop year 1953 are estimated at 11,500,000 gallons and the total turpentine supply at 43,500,000 gallons (about 4 percent in excess of the two previous years).

Domestic consumption and exports are expected to approximate 25,000,000 gallons and 5,200,000 gallons, respectively, during the crop years 1952 and 1953. This is approximately 5 percent below utilization during 1951.

The market value of turpentine is estimated at an average of 54 cents per gallon during the crop years 1952 and 1953. Support levels are 50 cents per gallon. Under these anticipated conditions of increasing supplies and resultant decreasing prices, producers are expected to pledge about 20 percent of the 1952 and 1953 gum turpentine crops as compared with about 10 percent of the 1951 crop pledged. At least 1,000,000 gallons should be redeemed from the loan during each of these crop years.

By the end of the fiscal year 1954, it is estimated that CCC holdings of gum turpentine will approximate 3,200,000 gallons.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop oats in order to assure adequate supplies of feed grains to support high-level livestock production and to promote orderly marketing.

Eligibility: Eligible commodity is 1953-crop oats grading No. 3 or better. Eligible participants are producers of 1953-crop oats.

Operations: Nonrecourse loans are available from harvest (about May 15, 1953) through January 31, 1954 and will mature April 30, 1954, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans are made on a note-and-chattel mortgage basis for farm-stored oats and on a note-and-loan agreement basis for warehouse-stored oats. The national average support price is 80 cents per bushel. This support price is 85 percent of August 15, 1952 parity price for all oats. It was estimated that this support price would not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements are offered to producers from harvest through January 31, 1954. A producer who elects to deliver oats to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1954. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This estimate is based on an acreage goal of 43 million acres for 1953-crop oats which is about the same acreage as was seeded for harvest in 1952. The support level is 85 percent of August 15, 1952 parity as compared with 80 percent of August 15, 1951 parity for the 1952 crop. The estimated 17 million bushels to be placed under price support during the 1954 fiscal year is 4 million bushels less than the 21 million bushels estimated for the 1953 fiscal year. The principal cause of this decline in price support activity from fiscal year 1953 is the smaller margin between the support rate per bushel and the anticipated farm price. It is believed that feed demand will maintain market prices at slightly above support levels. However, it is estimated that CCC stocks will be increased by acquisitions in excess of sales from the carry-over of previous programs.

PRICE SUPPORT PROGRAM - Other Nonbasic Commodities

Olive Oil

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop edible olive oil.

Eligibility: 1952-crop edible olive oil. Producers of 1952 oil olives are eligible participants.

Operations: Non-recourse loans are available to eligible producers at $2.50 per gallon from January 1, 1953 through April 30, 1953, maturing December 31, 1953 or earlier on demand.

Purchase agreements are available to eligible producers from January 1, 1953 through April 30, 1953. Notification of intention to deliver olive oil must be given to County Committee within a 30-day period ending December 31, 1953 or such earlier ending date as may be required by CCC.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: The United States price of olive oil is primarily dependent not on domestic production but on world supply and demand for this commodity since a large part of the olive oil consumed in this country must be imported. Although preliminary estimates indicate that the 1952 world crop will be substantially lower than the 1951 crop, it is estimated that carry-over stocks in the Mediterranean Countries at the beginning of the 1952 season were large. As a result, supplies of olive oil in those countries are estimated as adequate for indigenous consumption and for export, and it is assumed that United States imports during the 1952 crop year beginning December 1, 1952 will amount to 50 million pounds which approximates the 1949-51 average.

The foregoing import situation creates an expectation of total supply being very substantially higher than the previous year even though carry-in and production are smaller. These factors necessitated the announcement of a program for the 1952 crop. Activity during the fiscal year 1954 reflects the liquidation of the 1952 price support program and no support program is contemplated on the 1953 crop.

PRESENT OUTLOOK: It now appears that loan repayments during the fiscal year 1953 will be made on 374 thousand pounds. Collateral acquired and sales during the fiscal year 1953 are estimated to be 2,489 thousand pounds and 2,519 thousand pounds, respectively. Detail of the present outlook is as follows:

	1953	
	Quantity (pounds)	Value
	(in thousands)	
Loans made	3,178	$1,039
Repayments	374	117
Loans outstanding, end of year	3,000	986
Collateral acquired	2,489	777
Purchase agreements made	200	66
Sales	2,519	807
Net receipt or expenditure (-)	-	-145
Net realized gain or loss (-).	-	-

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop rye to assure adequate supplies and to encourage orderly marketing.

Eligibility: Eligible commodity is rye produced in 1953 and grading No. 2 or better, or grading No. 3 solely on the factor of test weight, containing not in excess of 1% ergot.

Eligible participants are producers of 1953-crop rye.

Operations: Nonrecourse loans are available from harvest (about May 15, 1953) through January 31, 1954, and will mature April 30, 1954, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans are made on a note-and-chattel mortgage basis for farm-stored rye and on a note-and-loan agreement basis for warehouse-stored rye. The national average support price is $1.43 per bushel. This support price is 85 percent of August 15, 1952 parity price for all rye. It was estimated that this support price would not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements are offered to producers from harvest through January 31, 1954. A producer desiring to deliver rye to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1954. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This estimate is based on a production goal of 1,700,000 acres, which is about the same acreage as was harvested in 1951. The level of support for the 1953 crop is 85 percent of August 15, 1952 parity. Based on the estimated production goal, the supply of rye will remain about the same as for the 1951 marketing year, which should result in price support operations for each of the fiscal years 1953 and 1954 being about the same as for the fiscal year 1952. Prices should remain substantially above the support and practically no deliveries are expected.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Seeds, Hay and Pasture

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop hay, pasture and range grass seed in order to encourage adequate production to meet seed requirements of American farmers for forage and for soil conservation during the next few years. Particular emphasis is put on production of improved varieties of seed.

Eligibility: Eligible seeds are certain alfalfas, clovers, lespedeza and grasses produced in 1952. Seed delivered to CCC must be cleaned, bagged, and tagged and meet specifications determined by the Corporation. Eligible participants are producers or cooperative associations of producers of 1952-crop eligible seed.

Operations: Loans are available from time of harvest through January 31, 1953 and will mature April 30, 1953 (September 30, 1953, in the case of range grass seed) or earlier on demand. Loans may be obtained from approved lending agencies or direct from the Corporation. Farm-storage loans are made on a note-and-chattel mortgage basis and warehouse-storage loans are made on a note-and-loan agreement basis. The basic support prices range from 3.5¢ to $1.00 per pound depending upon variety, purity and germination. It was estimated that in no case would the support price be in excess of 90% of parity as of the beginning of the marketing year.

Purchase agreements are offered to producers from time of harvest through January 31, 1953. A producer desiring to deliver seed to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1953 (ending on September 30, 1953 in the case of range grass seed). The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This estimate is based on a total national production in 1953 of slightly less than 600 million pounds of hay and pasture seeds. Supplies of hay, pasture and range grass seeds were relatively in good balance with the 1952 crop harvest and 1952 crop carryovers are likely to be slightly above the previous year carryover. It is expected that a slightly higher production will be attained with the 1953 crop which will be needed in maintaining hay and pasture acreages. It is anticipated that the loan program will be about the same as from the 1952-crop and practically all of the seeds will be redeemed. It is estimated that the CCC inventory will be reduced about one-half.

PRESENT OUTLOOK: The production of alfalfa and tall fescue seed has far exceeded previous estimates. It now appears that a substantial volume of this increased production will be placed under price support during the fiscal year 1953. Loans on all types of hay and pasture seed in 1953 are expected to aggregate 55 million pounds. Because of the present supply situation, no loans are contemplated during 1954. Detail of the present outlook is as follows:

	1953		1954	
	Quantity (pounds)	Value	Quantity (pounds)	Value
	(in thousands)			
Loans made	55,000	$23,000	-	-
Repayments	16,226	6,307	-	-
Loans outstanding, end of year	-	-	-	-
Collateral acquired	40,000	17,000	-	-
Purchase agreements made	40,000	13,000	-	-
Sales	2,423	581	20,000	$7,400
Inventory, end of year	82,000	37,800	62,000	29,000
Net receipt or expenditure (-)	-	-25,312	-	7,000
Net realized gain or loss (-)	-	-172	-	-1,800

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Seeds, Winter Cover Crop

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of winter cover crop seed in order to encourage farmers to plant acreages in line with announced production goals.

Eligibility: Eligible commodity is 1953-crop high-quality seed, cleaned, bagged, and tagged, of the following varieties: hairy vetch; crimson clover; certified reseeding crimson clover; common ryegrass; roughpeas. Eligible participants are producers and cooperative marketing associations of producers.

Operations: Loans will be available from harvest (about May 15, 1953) through December 31, 1953, and will mature January 31, 1954, or earlier on demand. Loans will be made on a note-and-chattel mortgage basis for farm-stored seed and on a note-and-loan agreement basis for warehouse-stored seed. Loans may be obtained from approved lending agencies or direct from the Corporation. Support prices range from 6¢ to 19¢ per pound depending on variety.

Purchase agreements will be available from harvest through December 31, 1953. Producers electing to deliver seed to CCC under purchase agreements must declare their intention to sell within a 30-day period ending January 31, 1954. The producer will not be obligated to deliver any specified quantity but shall have the option of delivering any quantity up to the maximum specified in the purchase agreement.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: The relatively small production of winter cover crop seeds in the years 1945-49 had to be supplemented with extensive imports. The short supply brought about high prices and thereby stimulated production beginning with the 1950 crop. Prospective supplies for 1952-53 are above normal and should provide a large reserve against future demands. Most of the CCC inventory during fiscal year 1953 is composed of Austrian Peas which were dropped from the 1952 and 1953 price support programs and Blue Lupine for which price support is not indicated for the 1953 crop. It is probable that these old stocks will be disposed of through feed and fertilizer outlets. The estimate for fiscal year 1954 is therefore based on the remaining varieties of seeds and it is anticipated that redemptions will be large and any new stocks taken over will be sold within the fiscal year.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop grain sorghums to assure adequate supplies of feed grains to support high-level livestock production and to provide orderly marketing.

Eligibility: Eligible commodity is grain sorghums produced in 1953 grading No. 4 or better, or No. 4 Smutty or better, and containing not more than 13 percent moisture. Eligible participants are producers of 1953-crop grain sorghums.

Operations: Nonrecourse loans are available from April 1, 1953, through January 31, 1954, and will mature March 31, 1954, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Farm-storage loans will be secured by notes and chattel mortgages and warehouse-storage loans will be secured by notes and loan agreements. The national average support price is $1.36 per bushel. This support price is 85 percent of August 15, 1952, parity price for all grain sorghums. It was estimated that this support price would not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements are offered to producers from April 1, 1953, through January 31, 1954. A producer desiring to deliver grain sorghums to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending March 31, 1954. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This estimate is based upon the goal of 10,000,000 acres harvested. The 1952 crop was harvested from only 5,089,000 acres. A much larger acreage is possible because of the loss of wheat acreage due to drought. The increased production will be necessary for feed and replacing carryover supplies. Because of the short crop in 1952 and the strong demand, only slightly more than 2 million bushels will be placed under loan in 1953 in order to market in an orderly manner. With the large crop anticipated for 1953 - nearly three times as large as the 1952 crop - it is expected that about 50.5 million bushels will be placed under price support and half of it will be redeemed.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Soybeans

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop soybeans in order to maintain high-level production to meet demand for high-protein feeds and to promote orderly marketing.

Eligibility: Eligible commodity is soybeans having moisture content not in excess of 14 percent and grading No. 4 or better on all other factors. Eligible participants are producers of 1953-crop soybeans.

Operations: Nonrecourse loans are available from harvest (about August 15, 1953) through January 31, 1954, maturing May 31, 1954, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for soybeans stored in approved farm-storage structures and on a note-and-loan agreement basis secured by warehouse receipts, when place of storage is an approved public warehouse. The national average support price is $2.56 per bushel, 90 percent of September 15, 1952 parity. It was estimated that this support price would not exceed 90 percent of parity as of September 1, 1953, the beginning of the marketing year. Loans may be obtained from approved lending agencies or direct from the Corporation.

Purchase agreements are available to producers from harvest through January 31, 1954. A producer desiring to deliver soybeans to the Corporation under a purchase agreement must so declare his intentions within a 30-day period ending May 31, 1954, or on such earlier date as may be determined by the Corporation. A producer is not obligated to deliver any specified quantity of soybeans to CCC; however, the number of bushels specified in the purchase agreement is the maximum quantity which may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: The budget estimate is based on a harvested acreage of 13.5 million acres which is expected to yield a production of 277 million bushels. This production, which is about the same as the 1952 crop production, may be in excess of that needed for edible oil; however, it will not be excessive with respect to the demand for protein feeds. A larger acreage cannot be obtained without a reduction in corn or cotton acreage. It is anticipated that the soybean price support program during the 1954 fiscal year will be used to a somewhat larger extent by producers than during previous years, since soybean producers are becoming more familiar with the advantages of not marketing their crop immediately following harvest.

PRICE SUPPORT PROGRAM, Exchange Commodities

Strategic and Critical Materials

SUMMARY OF LATEST OPERATIONS:

Objective: To exchange Commodity Credit Corporation owned commodities for strategic or critical materials produced abroad.

Eligibility: Materials must be designated as strategic or critical by the Munitions Board and must be produced abroad pursuant to Section 2 of the Stockpiling Act, P. L. 520, 79th Congress. Domestic agricultural commodities exchanged must be surplus to the needs of the United States, owned by Commodity Credit Corporation, and must not interfere with the normal export of such commodities.

Operations: The usual policy of the Commodity Credit Corporation has been to consider only materials for which the Corporation can receive immediate reimbursement from the Munitions Board, although the Corporation has the authority to barter for strategic materials which the Munitions Board cannot accept immediately because of insufficient funds. Exchanges are made on a dollar-for-dollar basis, the fair value of the strategic materials being determined by the General Services Administration. Commodity Credit Corporation deals directly with foreign governments or through private trade channels.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714b thereof.

BASIS, 1954 ESTIMATE: It is estimated that Commodity Credit Corporation owned commodities valued at $35,000,000 will be exchanged for strategic or critical materials produced abroad during the fiscal year 1954, the same value as is estimated for exchange during the current fiscal year. During the fiscal year 1952 commodities valued at $40,264,819 were exchanged.

SUPPLY AND FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure agricultural commodities in the United States and abroad to meet the needs of United States Government agencies (principally those administering relief programs abroad), cash-paying foreign governments, international relief agencies, and domestic requirements. The production or stockpiling of agricultural commodities under Sections 303 and 304 of the Defense Production Act of 1950 is also carried out under this program.

Operations: Procurement for this program is made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture.

Generally, purchases are made at the best price obtainable at either an announced price or on an offer-and-acceptance basis in quantities, although purchases may also be made under formal competitive bids.

Purchases for any claimant, other than a Federal Government agency, require (1) a firm requisition or a firm contract from the claimant and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors when it is anticipated that no risk of loss is involved. In addition, the Board of Directors may authorize the purchase and stockpiling of commodities in the interest of national security.

Transfers to claimants are at prices designed to reimburse the Corporation for all costs incidental to carrying out this operation. Disposition through commercial channels, donations, or destruction are made in accordance with statutory requirements and authorized policy.

The defense production program includes a program to aid producers in developing experience in growing castor beans so that production may be readily expanded, thus providing a source for castor oil for stockpiling and for industrial use in connection with military needs; stockpiling for defense needs of such commodities as American-Egyptian cotton, linseed oil, and tung oil; and development of a kenaf fiber industry capable of supplementing jute fiber and burlap imports.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and sections 303 and 304 of the Defense Production Act of 1950, as amended (Public Law 774 approved September 8, 1950; Public Law 96 approved July 31, 1951; Public Law 429 approved June 30, 1952).

BASIS, 1954 ESTIMATE: This estimate is based on the assumptions that CCC will continue to purchase a limited supply of agricultural commodities for the Mutual Security Administration and for the Department of the Army for use in occupied areas in fiscal year 1954 and that CCC will continue the initial financing of certain programs sponsored by the Defense Production Administration concerning strategic and critical materials, primarily castor beans and kenaf. Acquisitions in fiscal year 1952 were $88,641,118, as compared to estimated acquisitions of $112,657,027 in 1953 and $57,549,192 in 1954. It is estimated that the distribution of acquisitions by programs during the fiscal year 1954 will be as follows: Defense Production Administration, $25,635,392; Department of the Army, $24,035,000; Mutual Security Administration, $7,548,800; and miscellaneous supply programs, $330,000.

STORAGE FACILITIES PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide adequate storage facilities for CCC-owned and producer-owned commodities; to assist producers in financing the construction or purchase of suitable farm-storage facilities; to encourage the construction of needed commercial storage facilities; and to assist producers in financing the purchase of suitable mobile drying equipment to facilitate safe farm storage.

Operations: Bins and granaries were bought by the Corporation on an offer-and-acceptance basis and are located only in areas where it is determined that existing privately owned storage facilities are not adequate. Storage units having a capacity of approximately 543 million bushels are now owned by CCC.

Storage use guarantees were made under agreements with commercial firms, including cooperatives, in order to encourage the construction of additional commercial storage facilities for farm commodities in areas where additional facilities were necessary. The guarantees made under the agreements are in the form of a guarantee for a maximum of 3 years as to the capacity that will be utilized or a guarantee as to the rate of earnings from storage in the new facility, or a combination of both. The Corporation fulfills the guarantee, either by actual storage of CCC-owned commodities, or by making a payment. Storage rates must not exceed the rate the Corporation is paying for comparable storage in the same area at the time the agreement was made. The offering of new storage agreements was discontinued February 28, 1951.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the construction or purchase of suitable farm-storage facilities. Loans are for a maximum period of four years, payable in equal annual principal payments, with interest at the rate of 4 percent on the unpaid balance. The maximum amount to be loaned on any new farm-storage facility is 45 cents per bushel of capacity ($30 per ton of cottonseed capacity), provided that such maximum amount does not exceed 80 percent of the cost incurred. Loans are secured by chattel mortgage on the storage facility, real estate mortgage, deed of trust or other security instrument depending upon the type of structure and the amount of the loan. Any past-due payable or pre-payable installment may be deducted and paid out of any amounts due the borrower on any program carried out by the Department of Agriculture.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the purchase of mobile drying equipment. Loans are for a maximum period of three years, payable in equal annual principal payments beginning

on the first anniversary date of disbursement of the loan, with interest at the rate of 4 percent per annum on the unpaid balance. The maximum amount to be loaned on mobile drying equipment is 75 percent of the delivered cost. Loans are secured by chattel mortgages. The Corporation may prepay, or require the borrower to prepay, the amount of any annual installment out of the proceeds from any price support loan or purchase agreement due the borrower within 12 months preceding the date on which the installment falls due. Any past-due installment may be deducted and paid out of any amounts due the borrower on any program conducted by the Department of Agriculture.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly sections 714b and c thereof.

BASIS, 1954 ESTIMATE: It is estimated that the Corporation will offer loans for financing the construction or purchase of an estimated 27 million-bushel capacity farm-storage facilities during the fiscal year 1954. This anticipates a continuing need for farm-storage structures but at a lesser rate because of construction or purchase of 157,000,000 bushel capacity since the inception of this program through fiscal year 1953.

Claims covering guaranteed occupancy agreements are expected to amount to $800,000 in the fiscal year 1954.

The purchase of additional storage structures during fiscal year 1954 is not now anticipated.

COMMODITY EXPORT PROGRAM

Under its Commodity Export Program, the Corporation may export or cause to be exported or aid in the development of export markets for agricultural commodities and products. The purpose of the program is to retain and expand foreign markets for agricultural commodities and products thereof produced in the United States and to aid in the disposal of agricultural commodities and products thereof excess to domestic needs. Operations under the International Wheat Agreement constitute the only export activity under this program at the present time.

CCC WHEAT FLOUR EXPORTS PURSUANT TO THE INTERNATIONAL WHEAT AGREEMENT

SUMMARY OF LATEST OPERATIONS:

Objective: To implement the International Wheat Agreement. The objective of the International Wheat Agreement is to assure supplies of wheat to importing countries and markets for wheat to exporting countries at equitable and stable prices.

Eligibility: Importing countries that have approved the International Wheat Agreement are eligible to purchase wheat and wheat flour equivalent produced in the United States at specified prices. The wheat and wheat flour may be sold by the CCC or by commercial exporters.

Operations: There are two types of activities under this operation:

(1) Sale of wheat acquired under the price support program and wheat and wheat flour acquired under the supply program which the Corporation determines to be eligible for recording against the guaranteed quantities of the United States Government and the importing countries under the International Wheat Agreement. Sales are made at prices not in excess of the maximum equivalent price provided in the International Wheat Agreement. Sales prices may be determined at the time of sale and in advance of the date of shipment. In addition, purchasers are charged for carrying charges and marketing costs as permitted under the International Wheat Agreement.

(2) The Corporation is authorized to make payments to commercial exporters of domestic wheat and wheat flour processed therefrom in the United States pursuant to sales to participating countries which the Commodity Credit Corporation determines are eligible for entering in the records of the Wheat Council as sales against the United States export quota.

The payments will be made on the basis of published announcements of the rate for the date or period of sale. Rates will be determined on the basis of the relationship between current domestic market prices and current prices equivalent to the International Wheat Agreement basic maximum price of $1.80 per bushel for No. 1 Manitoba Northern wheat in bulk at Fort William and Port Arthur. Since the exact cost of operations under the agreement cannot be determined until the end of any fiscal year, the International Wheat Agreement Act of 1949 authorizes the Corporation to use its general borrowing authority to pay current obligations and then request the Congress to provide funds to reimburse the Corporation for any losses incurred under this program. Pending such reimbursement, the Corporation is authorized to establish the net costs of operations under the agreement as an account receivable.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Section 2 of the International Wheat Agreement Act of 1949 (Public Law 421, 81st Congress).

BASIS, 1954 ESTIMATE: The estimates for 1954 under the item "International Wheat Agreement" provide for note cancellation of $171,740,395 for net costs incurred by CCC for 1952 operations under the Agreement.

Administrative Expenses

Administrative expenses cover the costs of the general supervisory and operating staff engaged in carrying out the programs of the Corporation. Estimated costs of the audit of the Corporation's accounts by the General Accounting Office and rental costs for the Corporation's proportionate share of the office space in Government-owned buildings in Washington occupied by personnel of the Production and Marketing Administration are included as administrative expenses. Not included in this category, however, are necessary expenses (including special services performed on a contract or fee basis, but excluding other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest. Such expenses are treated as non-administrative as provided in the language carried annually in the appropriation act making corporate funds available for administrative expenses. The language proposed in the budget for the fiscal year 1954 authorizing expenditures for administrative expenses of the Corporation contemplates that the Corporation will, consistent with its established practice, treat as non-administrative expense all expenses of the types which have been so treated during the 1951, 1952, and 1953 fiscal years. It is also contemplated that administrative expenses will be accounted for on an obligation basis as has been the case in the current and prior years.

Administrative services are performed for the Corporation by the employees of the Production and Marketing Administration, and the Corporation assumes its equitable share of the costs of Production and Marketing Administration personnel and other expenses. In addition, the Corporation utilizes the services of other agencies when it is advantageous to do so. The requested administrative expense authorization does not include any amount for administrative expenses incurred in connection with the supply and foreign purchase program. Under this program, the Corporation procures agricultural commodities for sale to other Government agencies, to foreign governments, to domestic, foreign, or international relief or rehabilitation agencies, and to meet domestic requirements. The production or stockpiling of agricultural commodities under Sections 302 and 303 of the Defense Production Act of 1950 is also carried out under this program. The budget for the fiscal year 1954 contemplates that the Corporation will be fully reimbursed for administrative expenses incurred in connection with this program. Such reimbursements, which are generally obtained through a mark-up on invoices evidencing sales under this program, are credited on the books of the Corporation to an income account which, in turn, is charged with all of the administrative expenses incurred in connection with this program. Balances remaining in the account at the end of any fiscal year are used in succeeding fiscal years to defray administrative expenses incurred in connection with this program, including, of course, the expense of liquidating all phases of this program. The mark-up is established at a rate which is so determined and applied as to provide full

reimbursement on an over-all basis for all administrative expenses in connection with the supply and foreign purchase program and takes into account the fact that with respect to particular commodities, sales, or operations the mark-up may be more or less than the exact administrative expenses incurred. The rate of mark-up is adjusted from time to time as conditions warrant.

ADMINISTRATIVE EXPENSES, COMMODITY CREDIT CORPORATION

Appropriation Act, 1953	$16,500,000
Reduction pursuant to Section 412	-7,890
Adjusted limitation, 1953, and base for 1954	16,492,110
Budget Estimate, 1954	17,100,000
Increase	+607,890

SUMMARY OF INCREASES AND DECREASES, 1954

Increase in connection with the price support program	+885,000
Decrease in connection with liquidation of the subsidy program	-3,000
Increase in contingency reserve	-274,110

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 (estimated)
1. Price support program....	$14,073,652	$15,163,500	(1) +$885,000	$16,048,500
2. Storage facilities prog..	1,035,099	1,050,000	- -	1,050,000
3. Commodity export program	1,866	1,500	- -	1,500
4. Subsidy program (in liquidation)	3,318	3,000	(2) -3,000	- -
Subtotal	15,113,935	16,218,000	+882,000	17,100,000
Contingency reserve or unobligated balance	1,386,065	274,110	(3) -274,110	- -
Total available or estimate	16,500,000	16,492,110	+607,890	17,100,000
Reduction pursuant to Section 412	- -	+7,890		
Total limitation or estimate	16,500,000	16,500,000		

General Note: The estimate of $17,100,000 for CCC administrative expenses for the fiscal year 1954 was based on program volume estimates which have since been revised. The major revisions have been the increase of 2,000,000 bales in cotton loan volume and reflection of a decision recently made to change the operations of the 1953-crop cotton loan program back to the method followed prior to the 1952 crop-year. Thus the estimate of $17,100,000 may be inadequate. On the other hand, since program volume to a considerable extent is dependent upon crops not yet harvested in the case of winter wheat, crops stil unplanted, particularly cotton and corn, and the level of prices six to twelve months hence, it is possible that the presently estimated total program may not materialize. Toward the end of this fiscal year, when the production of winter wheat and planted acreages of cotton and corn become better known,

the Croporation will be in a position to estimate its financial requirements more accurately. If program volume is as large as now estimated it will be necessary to request the Bureau of the Budget to apportion the limitation under the authority contained in Section 1211 of the Act of September 6, 1950, in such a manner as to provide needed funds for the early quarters of the fiscal year, even though such a rate could not be continued for the full year with a limitation of $17,100,000.

INCREASES AND DECREASES

The net increase of $607,890 in this item for 1954 consists of the following:

(1) An increase of $885,000 for the price support program:

Overall price support program volume estimates are substantially higher for the fiscal year 1954 than for the fiscal year 1953. For example, it is estimated that during the fiscal year 1954, grain acquisitions will be approximately 424,500,000 bushels, or about 52% higher than the estimate for fiscal year 1953. This increase results primarily from the anticipated large acquisitions of 1952 corn crop that are estimated to be placed under loan during the fiscal year 1953.

Cotton loan activities are estimated to increase from 2,500,000 bales for fiscal year 1953 to 4,500,000 bales for fiscal year 1954, which is an 80% increase. Acquisitions are estimated to increase from 234,870 bales to 2,000,000 bales and dispositions to increase from 137,221 bales to 600,000 bales during fiscal year 1954.

Offsetting the increase for program volume are anticipated savings resulting from (a) general operating economies instituted throughout the organization, (b) the consolidation of PMA Commodity Office operations, and (c) an estimated increased efficiency within PMA Commodity offices predicated upon the consolidation and increased volume.

(2) A decrease of $3,000 for the subsidy program in liquidation:

It is anticipated that the work of the Corporation in connection with the wartime consumer subsidy operations will be completed during the fiscal year 1953. Therefore, it is estimated that no funds will be required for this program in the fiscal year 1954.

(3) A decrease of $274,110 in the contingency reserve:

No contingency reserve is being requested for the fiscal year 1954. However, to the extent that program volume does not materialize and administrative funds are not required, funds will be established in a contingency reserve.

FUNCTIONAL BUDGET STATEMENT

Function	1953 Estimated	1954 Estimated
1. Program Formulation and Direction	$1,986,022	$1,993,362
2. Fiscal, Transportation & Warehousing Services	997,743	854,269
3. Audit, Compliance and Investigation Services..	1,495,605	1,341,451
4. Program Field Operations	11,042,667	12,205,332
Add: Transfers to Cooperating Agencies.....	695,963	703,586
Contingency Reserve	274,110	- -
Total available or estimate	16,492,110	17,100,000

Function 1. Program Formulation and Direction

This function includes formulating the programs and program policies; developing the provisions of the various programs; providing for the dissemination of these provisions to producers and segments of industry involved; and determining and facilitating the means for storing, managing and disposing of commodities acquired as a result of price support operation. Such operatins are performed by the Board of Directors, the Advisory Board, the Administrator of PMA, and the PMA Commodity Branches. This includes continuous economic and analytical and other related work required on announced programs.

The Agricultural Act of 1949, as amended, provides mandatory price support for the six basic commodities — corn, cotton, wheat, rice, peanuts and tobacco — and for the designated nonbasic commodities — wool, mohair, tung nuts, honey, milk, butterfat, and the products of milk and betterfat. Price support for other commodities is discretionary. The level of support for the mandatory commodities and the need for the program as well as the level of support for other commodities must be predicated upon economic factors set forth in the Act.

The impact of these programs upon the national economy must be carefully considered. It is necessary to make these analyses not only on those commodities involved in price support programs but also to keep under constant surveillance the whole area of competing and substitute commodities in order to assure that price support operations will not disadvantageously affect the prices and marketing of such competing or substitute commodities. (Actual operations in the field are carried out through the PMA Commodity Offices, PMA State Offices and PMA County Offices. See Function 4.)

Function 2. Fiscal, Transportation and Warehousing Services

These services include (1) determining overall fiscal, accounting and price policy, (2) determining overall policy for custody, transportation and warehousing, and (3) assisting in the formulation of claims policies and procedures which insure the protection of the interests of the Corporation in the settlement of claims. Included herein is the technical supervision of these functions and the overall maintenance of the books and accounts of the Corporation.

These functions are performed by the Fiscal and Transportation and Warehousing Branches, and, in addition to providing operational data for the everyday management and conduct of the business, they enable the Corporation to comply with the multitude of prescribed fiscal, transportation and property accountability laws and regulations.

The decrease in funds for the fiscal year 1954 results from general operating economies.

Function 3. Audit, Compliance and Investigation Services

These services determine whether the funds of the Corporation have been properly accounted for and its affairs properly administered; detect fraud or program violations and assist in criminal or civil litigation.

In addition to specific recoveries to the Government resulting from fines, penalties, disallowed claims and collections of loans, this work has resulted in incalculable benefits derived from the factor of deterrence brought about through general knowledge that audits and investigations are being conducted.

During fiscal year 1953 the Office of Audit, in conjunction with the General Accounting Office and in accordance with Departmental policy, began a special audit of the Corporation. This audit is expected to be completed during fiscal year 1953 and will therefore result in decreased requirements for fiscal year 1954.

Function 4. Program Field Operations

Programs are carried out in the field primarily through seven Commodity Offices. Their functional operations apply to overall accounting for loans, inventories and costs, and the storage, management and disposition of inventories of all commodities.

The amounts required by the PMA Commodity Offices during the fiscal year 1954 were determined in the same manner as were the operating budgets for these offices during the current fiscal year. The method used during the current year was based upon the "Monthly Work Status Reports". This report reflects the number of documents (freight bills, loading orders, notes, etc.) processed and the man- days required for such processing for each office. The estimated program volume to be handled by each office was translated into the number of documents to be processed during the fiscal year 1953. On the basis of the experience as reflected in the Work Status Report, the man-days required to process these documents were determined. This covered all of the expenses of these offices except funds used for fixed operating costs such as supervisory personnel and other objects of expenditure and these were estimated on the basis of past experience.

The decentralization of loan activities to the county offices was placed into effect for the fiscal year 1953, resulting in lower total costs for commodity office operations. However, a part of this decrease in costs has been offset by an increased supervisory workload in the State offices. The State office operations include the supervision of the county offices and the coordination of commodity office operations with those of the county offices. The County office costs of actually making out CCC loan and purchase agreement papers and making initial inspections of commodities placed under loan are met from fees charged producers who obtain loans and purchase agreements. The PMA County committees perform other functions for the Commodity Credit Corporation in connection with CCC storage facilities, loans and purchase agreements, and inventory acquisitions, storage and dispositions, and the costs for these services are paid by the county offices from their bank accounts. Refunds are made to the county offices from CCC non-administrative funds. The total of such refunds is estimated at $12,300,000 for the fiscal year 1953, as compared with $9,473,185 for the fiscal year 1952. Of the total for the fiscal year 1953, $7,501,948 represented the cost of the CCC storage facilities program, as compared with $7,179,307 for this program for the fiscal year 1952. Most of the increase in County office refunds by CCC is due to the large volume of program operations in the fiscal year 1953 as compared with the fiscal year 1952 although part of the increase may be attributed to the decentralization of loan activities.

In accordance with the recommendations of the Cotton Loan Advisory Committee the fiscal year 1954 cotton loan operations will revert to a centralized basis. This change was recommended in order that loan cotton may move more readily through normal trade channels, with direct operations by government agencies kept to a minimum. It will reduce the cost of operations for the PMA State and County Committees but will result in higher commodity office costs and thus increase the costs chargeable to CCC administrative funds.

The amount of funds required for program field operations is directly related to the volume of program operations. The attached Table 1 reflects the volume of program operations for fiscal years 1953 and 1954 and Table 2 reflects this volume in terms of man-years and financial requirements for program field operations. Although the fiscal year 1954 program volume estimates indicate a substantial increase in workload for commodity office operations, it is anticipated that the cost of processing the workload will not increase at the same rate. This is based in part on estimated savings resulting from the consolidation of commodity offices and in part on an assumption that the increased workload will permit a greater rate of productivity per man-hour expended.

Transfers to Cooperating Agencies

The amount of funds provided in the Appropriation Act for transfers to the Office of the Solicitor for legal work has been relatively constant in recent years. However, during the past four years the activities of the Corporation have created a marked increase in the number of cases in litigation and referrals to the Department of Justice, resulting in the accumulation of large backlogs. It is estimated that an increase in funds for this work will provide for the elimination of these backlogs and enable the Office of the Solicitor to maintain the work of the Corporation on a current basis. A detailed justification of this increase is contained in the Budget submission by the Office of the Solicitor. Partially offsetting this increase is a decrease in funds resulting from the discontinuance of a number of statistical reports dealing with the production and storage of seeds, beans, peas and rice.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

Table 1 - Estimate Volume of Commodities
Commodity Credit Corporation Price Support Program
Fiscal Year 1953 and Fiscal Year 1954

	All Commodities except Cotton (carlot)		Cotton (000's bales)	
	F.Y. 1953	F.Y. 1954	F.Y. 1953	F.Y. 1954
I. NOTE SERVICING				
A. Direct Loans.....	57,580	29,371	642	1,167
B. Indirect Loans made	516,039	432,816	1,858	3,333
C. Indirect Loans Purchase ..	304,362	247,057	400	1,186
II NOTE LIQUIDATION				
A. Loans Repaid				
1. Direct Loans.....	91,566	129,812	132	480
2. Indirect Loans	28,390	136,677	385	1,620
B. Loans Forfeited				
1. Warehouse Stored.....	119,783	138,400	235	2,000
2. Farm Stored	50,238	89,685	-	-
III. INVENTORY MANAGEMENT				
A. On hand beginning of fiscal year	292,018	381,064	3	100
B. Additions:				
1. Purchases	59,850	31,697	-	-
2. Purchase Agreement Deliveries.....	7,874	10,909	-	-
3. Forfeiture of Loan Collateral	170,021	228,179	235	2,000
4. Exchanges	9,577	10,000	-	-
5. Transfers	21,500	20,000	19	100
Total additions.....	268,822	300,785	319	2,100
C. Dispositions:				
1. Sales	148,699	127,376	203	600
2. Exchanges	9,577	10,000	-	-
3. Transfers	21,500	20,000	19	100
Total Dispositions...	179,776	157,376	222	700
D. On hand, end fiscal year	381,064	524,473	100	1,500
IV. RECONCENTRATIONS.....	75,000	121,082	700	2,000

PMA OB 4/10/53

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

Basis for Program Field Operations, Administrative Expenses, Commodity Credit Corporation - Fiscal Years 1953 and 1954

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	Fiscal Year 1953				Fiscal Year 1954		
			Production Rate Per Man-Year	Number of Units to be Processed	Man-Years Required		Production Rate per Man-Year *	Number of Units to be Processed	Man-Years Required
	DIRECT LABOR								
	PROGRAM ACTIVITIES								
	I. INVENTORY MANAGEMENT								
	A. Storage and Maintenance								
	1. Commercial								
01	a. Storage Contract Negotiations	Contract Documents	339	18,831	55.5		339	8,000	23.6
02	b. Space Allocation	X X X X	xxx	xxx	7.3		xxx	xxx	11.3
03	c. Inspection (1) By Commodity Office	Examination	235	14,474	61.6		235	14,474	61.6
04	(2) By Com. Insp. Office	Inspection Request	2,480	32,506	13.1		2,480	32,506	13.1
05	d. Payment of Charges (1) Prov.,Adv.or Part.Pt.	Payment	3,967	8,982	2.3		3,967	8,982	2.3
06	(2) Periodic Payments (a) Bulk Commodities	Invoice	783	29,017	37.1		783	29,017	37.1
07	(b) Other Commodities	Invoice	992	9,128	9.2		992	9,128	9.2
08	(3) Loading Order Setlm.	Loading Order	209	25,333	121.2		209	32,016	153.2
09	(4) Other Services	Invoice	1,670	34,962	21.0		1,670	40,235	24.1
10	2. CCC-Owned Facilities a. Bin Purchases	Invoice	365	9	-		365	9	-
11	b. Bin Install.,Equip., & Maintenance	Expenditure Document	2,923	6,057	2.1		2,923	6,057	2.1
12	B. Movements and Transfers 1. Delivery Instructions a. Loading Orders	Loading Order	418	31,429	75.2		418	53,293	127.5
13	b. Notices to Deliver	Notice to Deliver	522	30,301	58.0		522	34,421	65.9
14	2. Deliveries a. Bills of Lading or Delivery Rect. (1) Bulk Commodities	B/L or Del. Rect.	4,150	168,607	40.7		4,150	222,828	53.7
15	(2) Other Commodities	B/L or Del. Rect.	1,592	37,543	23.6		1,592	53,296	33.5
16	b. Whse. & Bin Acq. & Disp. Rpts.	Transaction or Rpt. Item	11,588	269,010	23.2		11,588	332,961	28.7
17	3. Freight Payments	Freight Bill	2,975	189,387	63.6		2,322	247,950	106.8
18	4. Commodity Transit Adj.	Difference Card	5,116	77,562	15.2		5,116	98,019	19.2
19	C. Commodity Stocks on Hand 1. Commercial Storage a. Negotiable Whse. Rects.	Warehouse Receipt	xxx	xxx	.9		xxx	xxx	2.0
20	b. Negotiable Whse. Rects.	Warehouse Receipt	xxx	xxx	2.9		xxx	xxx	4.0
21	2. CCC Storage	X X X X	xxx	xxx	8.4		xxx	xxx	10.4
	II. MERCHANDISING ACTIVITIES								
22	A. Purchase Activities 1. Negotiation	Offer and/or Bid	418	3,261	7.8		418	1,930	4.6
23	2. Payment	Vendor Invoice	653	11,545	17.7		653	6,836	10.5
24	B. Sales and Other Dispositions 1. Negotiation	Offer and/or Bid	2,975	82,381	27.7		2,487	74,608	30.0
25	2. Billing	Contract	653	26,614	40 7		777	29,135	37.5
	III. PRODUCER TRANSACTIONS								
26	A. Note Servicing 1. Direct Loans	Note	10,544	49,306	4.7		19,864	528,370	26.6
27	2. Indirect Loans a. Recording	Note Copy	22,263	161,206	7.3		22,944	1,569,354	68.4
28	b. Safekeep. & prerecord. of collateral	Note							
29	c. Purchases from Lending Agencies	Note	11,275	83,908	7.5		11,287	582,424	51.6
30	3. Resealments	Reseal Form							
31	B. Note Liquidation 1. Returned for Redemption	Collection Letter	5,090	1,237	.2		5,090	1,068	.2
32	2. Recalled from Safekeeping	Note							
33	3. By Repayment	Cash Item per Note	10,205	67,111	6.6		16,425	300,587	18.3
34	4. By Forfeiture a. Warehouse Stored	Note	33,996	381,022	11.2		50,019	1,170,440	23.4
35	b. Farm Stored	CL-7	3,263	80,381	24.6		3,263	143,496	44.0
36	5. Producer's Equity Payments	Loan Examined	7,961	31,913	4.0		7,961	72,842	9.1
37	C. Purchase Agreement Deliveries	CP-4	8,091	15,748	1.9		8,091	21,818	2.7

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

Basis for Program Field Operations, Administrative Expenses, Commodity Credit Corporation - Fiscal Years 1953 and 1954

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	Fiscal Year 1953				Fiscal Year 1954		
			Production Rate Per Man-Year	Number of Units to be Processed	Man-Years Required		Production Rate Per Man-Year *	Number of Units to be Processed	Man-Years Required
38	*IV. OTHER PROGRAM ACTIVITIES* A. Payments 1. Commodity Export Program	Invoice							
39	2. International Wheat Agreement	Invoice							
40	3. Payments to Schools	FP-6							
41	4. Section 32 Diver. & Export	Invoice							
42	B. Claims, by and Against FMA	Claim document	653	61,276	93.9		673	104,560	155.4
43	C. Internal Post-Audit of Pmts. to Carriers	Paid Freight Bill	28,658	144,313	5.1		28,658	182,338	6.4
44	*V. PROGRAM ACCOUNTING ACTIVITIES* A. Document Control	Block	5,533	354,959	64.2		5,073	368,275	72.6
45	B. Machine Operations	X X X X			136.3				143.0
46	C. Account Maintenance 1. Ledger Posting	X X X X			40.7				41.7
47	2. Maintenance of Commodity Cost Records	X X X X			7.3				7.3
48	3. Cash Receipt	Cash Item	20,880	297,412	14.2		15,258	413,499	27.1
49	4. Reconciliation	X X X X			44.0				59.2
50	*VI. PROGRAM REPORTING* A. Regular Reports	Report	731	16,170	22.1		731	16,170	22.1
51	B. Special Reports	Report	287	1,594	5.6		287	1,594	5.6
52	VII. RECONCENTRATION ORDER SETTLE.	Invoice	2,714	29,066	10.8		2,714	64,516	23.8
	TOTAL PROGRAM ACTIVITIES	X X X X			1,248.2				1,680.4
60	ADMINISTRATIVE ACTIVITIES *I. PERSONNEL WORK*	X X X X			7.5				7.5
61	*II. ADMINISTRATIVE ACCOUNTING*	X X X X			49.1				49.1
62	*III. BUDGET, ORGANIZATION & PROCEDURE*	X X X X			33.6				33.6
63	*IV MAIL AND MESSENGER*	X X X X			35.5				35.5
64	*V. OTHER ADMINISTRATIVE ACTIVITIES*	X X X X			78.8				78.8
65	*VI. ADMINISTRATIVE REPORTING*	X X X X			14.0				14.0
	TOTAL ADMINISTRATIVE ACTIVITIES	X X X X			218.5				218.5
	TOTAL, ALL DIRECT LABOR Less Leave	X X X X			1,466.7				1,898.9
	Leave, Direct Labor				212.7				275.3
	Total, Direct Labor				1,679.4				2,174.2
	Indirect Labor				246.0				277.7
	TOTAL, ALL LABOR				1,925.4				2,451.9
				Cost				Cost	
	Average Salary			$3,975				$3,935	
	Total Labor Cost			$7,653,450	1,925.4			$9,648,200	2,451.9
	Objects 02 - 15			1,141,871	-			1,273,700	-
	TOTAL, COMMODITY OFFICE OPERA.			$8,795,321	1,925.4			$10,921,900	2,451.9
	LESS: Savings resulting from anticipation of higher productivity rates			-77,000	-16.3			-362,273	-76.9
	NET, Commodity Office Operations			$8,718,321	1,909.1			$10,559,627	2,375.0
	State Office Operations			1,718,398	304.9			1,788,378	318.0
	General Services			605,948	84.9			557,327	75.4
	TOTAL, PROGRAM FIELD OPERATIONS			11,042,667	2,298.9			12,905,332	2,768.4
	LESS: Portion of estimated cost not provided for in revised Budget			-	-			-700,000	-148.6
	NET, PROGRAM FIELD OPERATIONS			11,042,667	2,298.9			12,205,332	2,619.8

* Because of the unusually large cotton volume and the recentralization of the cotton loan program for fiscal year 1954, some of the production rates used in determining the fiscal year 1954 estimates have been weighted to reflect these factors and therefore are different than those used for fiscal year 1953

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

> Commodity Credit Corporation: Nothing in this act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law: Provided, That not to exceed [$16,500,000] $17,100,000 shall be available for administrative expenses of the Corporation: Provided further, That all necessary expenses (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof; Provided further, That the Secretary of the Treasury is hereby authorized and directed to discharge indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by cancelling notes issued by the Corporation to the Secretary of the Treasury in the amount of the capital impairment determined by the appraisal of June 30, 1952, pursuant to sections 1 and 4 of the Act of March 8, 1938, as amended (15 U.S.C. 713a-1,4), $96,205,161.

The change in language provides for the restoration of the capital impairment of the Commodity Credit Corporation as determined by the appraisal of June 30, 1952 by the cancellation of notes for such purposes.

/Restoration of Capital Impairment, Commodity Credit Corporation/

/To enable the Secretary of the Treasury to restore the capital impairment of the Commodity Credit Corporation determined by the appraisal of June 30, 1951, pursuant to section 1 of the Act of March 8, 1938, as amended (15 U.S.C. 713a-1), $109,391,154./

The entire language is proposed for deletion since provision is made in the estimates for restoration of the capital impairment of CCC by cancellation of notes under the heading "Administrative, expenses, Commodity Credit Corporation".

4. Loan to Secretary of Agriculture for agricultural conservation purposes - Under provisions of the Agricultural Adjustment Act of 1938, as amended, the Corporation makes loans to the Secretary of Agriculture each fiscal year in such amounts, not to exceed $50,000,000, as the Secretary estimates will be required to make advances of conservation materials and services for the agricultural-conservation program. These loans are repaid, with interest, from funds appropriated to carry out sections 7 to 17 of the Soil Conservation and Domestic Allotment Act.

5. Commodity exports - The Corporation exports, causes to be exported, or aids in the development of export markets for agricultural commodities and products. This activity is carried out under the authority contained in the Corporation's charter, particularly sections 5(d) and 5(f), and the International Wheat Agreement Act of 1949. Under the International Wheat Agreement (7 U.S.C. 1641, 1642), the United States has agreed to supply wheat or wheat products to participating nations at a specified price. The Corporation is authorized to use its general borrowing authority to pay current obligations and to be repaid therefor from appropriations made specifically to cover the costs of the International Wheat Agreement.

	Limitation, 1953	Budget Estimate, 1954
Administrative expense limitation	$16,492,110	~~$17,850,000~~ $17,100,000

COMMODITY CREDIT CORPORATION

Basic Assumptions

Since financial demands on the Corporation are determined largely by unpredictable factors, such as weather conditions and the level of economic activities, it is necessary to make basic assumptions concerning these factors in order to estimate financial requirements. The basic assumptions used in preparing the 1954 budget are as follows:

(a) That employment, industrial production and national income will continue to rise;
(b) That prices on the average will remain unchanged at about the present level;
(c) That yields will be in line with recent averages;
(d) That farm production will continue at high levels in the crop years 1952 and 1953; and
(e) That acreage allotments and marketing quotas will be in effect on peanuts and certain kinds of tobacco.

Price Support Operations

General Outlook-- On the basis of the above assumptions and taking into consideration estimated supply and utilization factors which were calculated individually for each commodity, these estimates reflect substantial increases in the overall volume of price support activities of the Corporation compared with the fiscal year 1952. The total investment in price support, that is the amount of loans outstanding and cost value of inventories, as of June 30, 1952, amounted to $1.4 billion. It is estimated that the Corporation's investment in price support as of June 30, 1953, will be $2.0 billion and that it will be $2.5 billion by June 30, 1954.

Loans-- The budget estimate contemplates that loans amounting to $2.0 billion will be made during the fiscal year 1954, that repayments will total $1.3 billion and forfeitures will total $.8 billion, leaving loans outstanding of $.7 billion at the end of the year. Comparable figures for the fiscal year 1952 are: Loans made, $.9 billion; repaid, $.7 billion; forfeitures, $.2 billion; outstanding at the end of the year, $.4 billion. The increase in loans made in 1954 compared with 1952 amounts to $1.1 billion. Anticipated increases for the principal commodities are as follows: Corn, $417 million; cotton, $204 million; wheat, $226 million and wool, $90 million. The increase of $331 million in loans outstanding as of June 30, 1954, compared with June 30, 1952, is due primarily to corn and cotton increasing by $153 million and $84 million, respectively.

Inventories-- It is estimated that during 1954, inventory acquisitions and carrying charges will total $1.1 billion and that sales and other dispositions will aggregate $.6 billion resulting in an ending inventory as of June 30, 1954 valued at $1.8 billion. This compares with inventory transactions during the fiscal year 1952 as follows: acquisitions and carrying charges, $.5 billion; dispositions, $.9 billion; ending inventory as of June 30, 1952, $1.1 billion. The increase of $537 million in acquisitions in 1954 over 1952 is

attributable primarily to corn which accounts for $293 million of the increase. Other smaller increases are: wheat, $120 million; cotton, $51 million; wool, $39 million, and cottonseed oil, $32 million. Peanut acquisitions are estimated to decrease $56 million during this period. The decrease in dispositions during 1954 compared with 1952 is $326 million with the larger items of decrease being: corn, $87 million and wheat, $249 million. Inventories as of June 30, 1954, are estimated to increase by $713 million over the June 30, 1952, inventories of which $669 million is due to the increase in wheat stocks.

Reasons for upward trend in price support investment-- As indicated above, corn, cotton and wheat are the principal commodities involved in the increased volume of price support activities. In case of wheat, the increased investment is due to increased production, increased carryout, decreased exports and decreased sales from Corporation inventories. Increased production and decreased sales are responsible for the increased investment in corn, while decreased exports of cotton contribute to the increased investment in that commodity.

Supply and Foreign Purchase Program

The estimate for this purpose is based on the assumptions that the Corporation will continue to purchase a limited supply of agricultural commodities for the Mutual Security Administration and for the Department of the Army for use in occupied areas in the fiscal year 1954 and that the Corporation will continue the initial financing of certain programs sponsored by the Defense Production Administration concerning strategic and critical materials, primarily castor beans and kenaf. Acquisitions in the fiscal year 1952 were $88.6 million, as compared with estimated acquisitions of $111.4 million in 1953 and $57.5 million in 1954. It is estimated that the distribution of acquisitions during the fiscal year 1954 will be as follows: Defense Production Administration, $25.6 million; Department of the Army, $24.0 million; Mutual Security Administration, $7.6 million; and miscellaneous supply programs, $.3 million.

Storage Facilities Program

Facilities-- It is anticipated that the Corporation will offer loans for financing the construction or purchase of farm storage facilities having an estimated 27-million-bushel capacity during the fiscal year 1954. Claims covering guaranteed occupancy agreements are expected to amount to $800,000 in the fiscal year 1954 compared with an estimate of $1,250,000 for the fiscal year 1953. It is also estimated that costs of carrying out tests, experiments, and demonstrations on storing and conditioning commodities will amount to $125,000 during the fiscal year 1954.

Mechanical driers-- It is anticipated that loans in the amount of $600,000 will be made to producers for the purchase of mechanical driers to facilitate safe farm storage of commodities during the fiscal year 1954. This compares with an estimate of $1,000,000 for such loans during the fiscal year 1953. Loans outstanding at the beginning of the fiscal year 1954 are expected to amount to $1,245,000. With repayments estimated at $345,000 during the year, it is anticipated that loans outstanding as of June 30, 1954, will aggregate $1,500,000.

Loan to the Secretary of Agriculture

Pursuant to Section 391(c) of the Agricultural Adjustment Act of 1938, as amended, it is estimated that the Corporation will lend $41 million to the Secretary of Agriculture during the fiscal year 1954 to make advances for the purchase of conservation materials from January 1 to June 30, 1954. Repayment is usually made during the succeeding fiscal year from appropriated funds, with interest equal to the cost of money to the Corporation.

Commodity Export Program

Current activities under this program relate exclusively to financing operations under the International Wheat Agreement. The estimates for 1954 under the item "International Wheat Agreement" provide for note cancellation of $171,740,395 for net costs incurred by the Corporation for 1952 operations under the Agreement.

Operating Results and Retained Earnings

The Corporation's records show that operations resulted in a net receipt of $160,365,287 in 1952. It is estimated that such operations will result in net expenditures of $614,943,103 in 1953 and $550,496,437 in 1954. The Treasury, however, does not reflect in the Corporation's checking account note cancellations to reimburse the Corporation for prior years' costs of eradication of foot-and-mouth disease and International Wheat Agreement. For budgetary purposes, therefore, the budget estimates reflect net receipts of $127,665,287 for the fiscal year 1952 and estimated net expenditures of $808,345,885 and $729,294,407 for the fiscal years 1953 and 1954, respectively. The net loss for 1952 was $66,056,732 consisting of net interest and administrative expense of $34,282,007 and realized losses on program operations of $68,244,772, less net downward adjustment of reserves for estimated losses amounting to $36,470,047. It is estimated that net losses of $130,000,000 and $214,200,000 will be incurred in 1953 and 1954, respectively.

An appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine net worth. If the net worth is less than $100,000,000, the Congress makes provision to enable the Secretary of the Treasury to restore the amount of capital impairment; if net worth is more than $100,000,000, the

Corporation pays the surplus to the Treasury. These estimates include provision for restoration of capital impairment as of June 30, 1952 in an amount not to exceed $110,000,000. As has been the practice in previous years, this amount will be revised later to reflect the appraisal of assets and liabilities as of June 30, 1952 to be made by the Secretary of the Treasury.

Commodity Program Summaries

The following commodity summaries cover the various operations which the Corporation anticipates will be required during the fiscal year 1954. Each operation is a part of one of the five types of programs previously mentioned. It should be noted that any variations from the conditions assumed may result in changes in the volume and character of the Corporation's operations, thereby necessitating changes in the program and administrative expense estimates.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop corn at 90 percent of parity and to promote orderly marketing.

Eligibility: Eligible commodity is ear or shelled corn produced in 1952 and must grade No. 3 or better, or No. 4 on test weight only, and must meet moisture requirements.

Eligible participants are 1952-crop corn producers.

Operations: Nonrecourse loans are available from about August 1, 1952 through May 31, 1953, maturing July 31, 1953, or earlier on demand. In areas where the PMA State Committee determines that corn cannot be safely stored throughout the full storage period, the final date of availability shall be earlier as determined by the Committee. Loans are made on a note-and-chattel mortgage basis for farm-stored corn, and note-and-loan agreement basis for warehouse-stored corn. The national average support price is $1.60 per bushel.

Purchase agreements are available from harvest through May 31, 1953. A producer desiring to deliver corn under a purchase agreement must declare his intention to sell within a 30-day period ending on July 31, 1953. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431).

BASIS, 1954 ESTIMATE: The production goal of 85 million acres is anticipated for the 1953 crop. This crop will be supported at 90 percent of parity. Production is estimated at 3,350 million bushels as compared with 3,303 million bushels estimated for the 1952 crop. This increase in production is needed to meet feeding requirements for increased livestock numbers and for increasing carry-over stocks. It is estimated that 300 million bushels will be placed under price support loans and purchase agreements which is about 10 percent of the total estimated production. The decrease in loans and purchase agreements from the fiscal year 1953 estimate is based upon the expectation that the good 1952 crop will be held and more new crop corn will be used. Price support activities were small during

the fiscal year 1952, since domestic and export requirements exceeded the 1951 crop production and high moisture content of the crop rendered large quantities ineligible for loans. The increase in collateral acquisitions during fiscal year 1954 over fiscal year 1953 represents deliveries of quantities placed under price support from the above average 1952 crop, whereas deliveries during fiscal year 1953 are from the substantially smaller 1951 crop.

As a result of increased production for the 1952 and 1953 crops, the demand for CCC-owned stocks is anticipated to decrease; thus CCC sales are estimated to decrease from 164 million bushels for the fiscal year 1953 to 75 million bushels for the fiscal year 1954.

PRESENT OUTLOOK: With current estimates of corn to be fed in 1953 and 1954 showing a substantial reduction below previous estimates, due primarily to smaller hog numbers, the total domestic disappearance is now estimated to be lower, the ending stocks will be increased, and the market weaker than anticipated earlier. Consequently, the Budget Estimate of the corn to be placed under loan in 1954 should be increased from 285 to 400 million bushels and that to be placed under purchase agreements raised from 15 to 20 million bushels.

PRICE SUPPORT PROGRAM, Basic Commodities (1953 Crop)

Cotton, American-Egyptian

SUMMARY OF LATEST OPERATIONS:

Objective: To support, by means of a purchase program, the price of 1952-crop American-Egyptian cotton in order to ensure expanded production.

Eligibility: Eligible commodity--1952-crop American-Egyptian cotton of specified grade and staple length, in bales of at least 300 pounds not compressed to high density, produced in the United States from Amsak or Pima 32 varieties of seed.

Eligible participants--producers or associations of producers of eligible 1952-crop American-Egyptian cotton.

Operations: Purchases will be made from eligible producers during the period August 1, 1952 through April 30, 1953 by means of sight drafts drawn on CCC by State or County PMA Committees, or they may be made by PMA Commodity Offices. Cotton must be classed by a Board of Cotton Examiners of the U. S. Department of Agriculture, and purchases will be made on the basis of such classification.

The purchase rate for Grade No. 3, $1\frac{1}{2}$ inches in staple, usually considered the base quality, will average 107.10 cents per pound. Premiums and discounts, with appropriate location differentials, apply for each of the other qualities of eligible cotton. To be eligible for purchase, the cotton must be represented by negotiable warehouse receipts issued by warehouses approved by CCC, must have been produced from Amsak and Pima 32 varieties of American-Egyptian cottonseed, and must have been ginned on a roller gin. All cotton meeting the national stockpile specifications will be made available to the stockpile as soon as possible after purchase.

American-Egyptian cotton acquired and not sold to the national stockpile is sold to the Secretary of Agriculture. CCC is fully reimbursed for losses, if any, from funds made available to the Secretary under Section 304 of the Defense Production Act.

Production expansion of this commodity was necessary in the interest of national defense in order to ensure an adequate supply of good quality extra long-staple cotton in the United States in an emergency.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431); sections 303 and 304 of the Defense

Production Act of 1950, as amended; and Executive Order 10161, as amended by Executive Order 10281.

BASIS, 1954 ESTIMATE: Under recent legislation, price support is mandatory for the first time for extra long-staple cotton, beginning with the 1953 crop. Since the level of support for the 1953 crop will be less than for the 1952 crop, it is expected that the acreage planted to American-Egyptian cotton will decline to 70,000 acres in 1953 compared with 100,800 acres for the 1952 crop and a substantial portion of the yield is expected to be placed under loan. Support under the 1952 program in the form of purchases is estimated at about 93 percent of the production, whereas only 80 percent of the estimated production for 1953 is expected to be placed under loan.

PRESENT OUTLOOK: A production goal of 30,000 bales of extra long staple cotton has been announced since the budget was prepared. The acreage goal is 39,500 acres. Although the 1953-crop is not expected to be as large as in 1952, it is expected that the acreage planted will materially exceed the goal.

Current estimates of the supply of extra long staple cotton for the 1952-53 marketing year, including imports but excluding off-shore purchases for the National Stockpile, are about 200,000 bales. Total requirements, including American-Egyptian cotton delivered to the National Stockpile, are estimated at about 150,000 bales. This would leave the carry-over at the end of the year at 50,000 bales. Imports during the 1953-54 marketing year are expected to total 65,000 bales. A production of 30,000 bales from the 1953-crop would thus result in a supply of approximately 146,000 bales during the 1953-54 marketing year. Requirements are not expected to exceed 105,000 bales, leaving a carry-over of about 41,000 bales. Because of (1) the supply situation, (2) mandatory price support for the 1953-crop, and (3) expected acreage in excess of the goal, it appears desirable for budgetary purposes to continue the price support operations as shown in the budget, at least until further information with respect to the acreage of extra long staple cotton to be planted is available.

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton, Upland

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of cotton at 90 percent of parity as of August 1, 1952, the beginning of the marketing year, and to promote orderly marketing.

Eligibility: Eligible commodity is upland cotton produced in the United States in 1952, of specified grade and staple length, in bales of at least 300 pounds not compressed to high density.

Eligible participants are producers of 1952-crop upland cotton with legal right to pledge it as security for a loan, and cotton cooperative marketing associations acceptable to the President, CCC.

Operations: Warehouse and farm storage loans and purchase agreements are available in all cotton-producing States from the date rates were announced (approximately August 1, 1952) through April 30, 1953, to individual producers, and through May 15, 1953, to cotton cooperative marketing associations. All loans will mature July 31, 1953, or earlier upon demand. Loans are made on warehouse-stored cotton covered by Producer's Note and Loan Agreements, on farm-stored cotton by notes secured by cotton chattel mortgages, and on cotton covered by bills of lading in areas where there is a shortage of storage space and where arrangements can be made for handling the cotton. Loans may be obtained by producers from approved lending agencies. Loans and purchase agreements are made available by CCC through offices of county committees. All cotton must be classed by a Board of Cotton Examiners of the U. S. Department of Agriculture. The classification fee is 25 cents a bale. Support rates are equal to 90 percent of parity as of August 1, 1952. The basic loan rate is applicable to Middling 7/8-inch cotton at average location. The average loan rate for Middling 7/8-inch upland cotton, gross weight, is 30.91 cents per pound (90 percent of the August 1 parity of 34.35 cents per pound). Premiums and discounts, with appropriate location differentials, apply for each of the other qualities of eligible cotton.

Prior to the beginning of the marketing year, loans were available to eligible producers in the early harvesting area at 30.91 cents a pound for Middling 7/8-inch cotton at average location.

Cotton not redeemed by maturity date will be handled in accordance with loan agreements under which CCC has the right to sell, purchase, or pool the cotton upon maturity and nonpayment of the loans.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431).

BASIS, 1954 ESTIMATE: For each of the crop years 1952 and 1953, the production of cotton is estimated at approximately 15 million bales. Exports are expected to decline to around 4.5 million bales because of dollar shortages and the availability of cotton from other cotton producing nations. Assuming that the world situation remains relatively the same as at present and business activity continues at about the current level, domestic consumption of cotton is estimated at about 9.5 million bales, making total disappearance of American cotton approximately 14 million bales during the 1953 crop year. Accordingly, the carry-over stocks are expected to approximate 4.7 million bales by the end of the 1953 crop year. These estimates assume that marketing quotas and acreage allotments will not be in effect for the 1953 crop and announcement was made to this effect on October 6, 1952. In the past when the carry-over increased, the amount of cotton entering the loan has tended to increase. Accordingly, on the basis of these estimates, it is anticipated that loans will be made on 2.35 million bales of cotton during fiscal year 1954 and that loans on 1.7 million bales will be repaid by producers.

PRESENT OUTLOOK: Since the budget was prepared, a 1953 goal of 13,000,000 bales and 22,800,000 acres has been announced.

The total supply of all cotton for the 1952-53 marketing year is expected to total 17.8 million running bales. Total requirements for cotton during the marketing year are estimated at 13.7 million bales, consisting of around 9.7 million bales for domestic consumption and 4 million bales for export. Thus, the estimated carry-over is 4.1 million bales or 1.3 million bales larger than stocks on hand a year earlier. Estimated requirements for the 1953-54 marketing year are about 13.5 million bales. With a production of 13.0 million bales from the 1953-crop, the total supply during the marketing year would approximate 17.3 million bales. With the increased carry-over and the decline in exports and the consequent effect on prices, it is expected that price support operations will remain about the same as shown in the budget for fiscal year 1954.

The Budget Estimates of cotton entering the loan for fiscal year 1953 now appears to be low. The price of cotton has declined materially since the beginning of the marketing year. Further, a considerable amount of cotton remains in producers' hands and is eligible for loan. In view of this, it is now estimated that the amount of cotton entering loan will increase approximately 600,000 bales over the previous estimate of 1,500,000 bales.

PRICE SUPPORT PROGRAM - Basic Commodities

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop peanuts.

Eligibility: 1952-crop, merchantable, farmers' stock peanuts from eligible producers.

1952 crop, farmers' stock, quota peanuts not merchantable only because damage exceeds 7%, will be eligible for cooperative association loans and may also be supported through purchases by CCC.

Producers are eligible if they meet all requirements relative to acreage allotments, marketing quotas, inspection, etc.

Operations: Non-recourse farm and warehouse storage loans are available to eligible producers at 90% of August 1, 1952 parity, averaging about $239.40 per ton, from August 1, 1952 through January 31, 1953 maturing May 31, 1953 or earlier on demand.

Purchase Agreements are available to eligible producers from August 1, 1952 through January 31, 1953. Notification of intention to deliver peanuts must be given to County Committee within a 30-day period ending May 31, 1953 or such earlier ending date as may be required by CCC.

Receipts by Cooperatives: Cooperatives will receive merchantable farmers' stock peanuts from producers at support prices (less CCC approved fees and charges for storing, handling and marketing such peanuts) from August 1, 1952 through such date prior to May 31, 1953 as may be determined by the President of CCC.

Purchases of or cooperative loans on farmers' stock quota peanuts containing more than 7% damage will be available from August 1, 1952 through January 31, 1953.

Loans to cooperatives may be made by CCC, directly or indirectly, to enable them to make payments to producers on farmers' stock peanuts, to pay overhead and other expenses in connection with receiving, storing, marketing and handling the peanuts.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431); and section 359 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393).

BASIS, 1954 ESTIMATE: A basic change from prior programs was made in the 1952-crop peanut price support program which, it is anticipated, will be continued in the 1953-crop program. From a program of loans to shellers and purchases of peanuts from producers used in preceding years, the program was changed to one of only loans and purchase agreements with farmers. (Loans to farmers were provided in previous years' programs but were not utilized by farmers.) Consequently, it is difficult to appraise the price support fund requirements for the 1952 and 1953 crops. It is expected that as the new type of program emphasizing the availability and advantages of loans becomes known and understood by the producers much greater usage of the loan program will be made. It is estimated, therefore, that approximately 663,000,000 pounds (one-half the 1953 marketing quota) will be pledged for loans, and it is estimated that CCC will acquire 39,780,000 pounds of this amount by forfeiture of collateral. Approximately 7,140,000 pounds of peanuts will be delivered under purchase agreements, making a total acquisition of 46,920,000 pounds. This amount represents that portion of the 1953 crop which will be surplus to edible and seed requirements.

It is anticipated that losses from the 1952 and 1953 crops will be considerably reduced from those of recent crops because quota production has been brought approximately into line with demand through substantial reductions in acreage from prior years.

PRESENT OUTLOOK: When the budget was prepared there was no historical basis on which to estimate loan activity under a materially different type of program which had not been offered prior to the 1952 crop. On the basis of partial experience on the new-type program for the 1952 crop now available, it is apparent that loan and purchase agreement activity on the 1952 and 1953 programs will be substantially lower than previously estimated but take-over on the 1952 crop will be higher. Further, the 1952 crop year production of peanuts is now estimated at approximately 103,000,000 pounds more while domestic disappearance and exports are 134,000,000 pounds less than those reflected in the budget estimate, thereby increasing the carry-over into crop year 1953 by 237,000,000 pounds. The total supply for crop year 1953, therefore, is increased by a like amount and is now estimated at 1,838,000,000 pounds. It is assumed that this additional carry-over will have the effect of substantially increasing fiscal year 1954 loan operations over those now estimated for fiscal year 1953. However, in view of the estimated increase in domestic disappearance and exports during the 1953 crop year, it is estimated that repayments of loans will be heavy and that collateral acquisitions will be made on only 37,000,000 pounds during fiscal year 1954 as compared to 110,000,000 presently estimated for fiscal year 1953.

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of rice at 90% of parity and to promote orderly marketing.

Eligibility: Eligible commodity is 1952-crop rough rice grading No. 5 or better.

Eligible participants are producers and associations of producers of 1952-crop rice.

Operations: Nonrecourse loans are available from harvest through January 31, 1953, and will mature April 30, 1953, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for rice stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. Support prices, which average about $5.04 per hundredweight, reflect to producers 90 percent of parity as of August 1, 1952. Premiums and discounts apply for the various varieties, grades, and milling qualities.

Purchase agreements are offered to producers from harvest through January 31, 1953. Producers desiring to sell rice to the Corporation under a purchase agreement will have a 30-day period during which to declare their intention to sell. This period will end on April 30, 1953. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431).

BASIS, 1954 ESTIMATE: An acreage goal of 2,035,000 acres has been announced for the 1953 crop, which is slightly more than the 1952 crop planted acreage. A support level of not less than 90 percent of August 1, 1953 parity will be established for the 1953 crop. The estimated production is about 46 million hundredweight. This production, plus estimated carry-in stocks of 2.1 million hundredweight, and imports of 400,000 hundredweight, will provide a total supply of about 48 million hundredweight. Very heavy export demand in the first part of fiscal year 1953 reduced the amount that normally was put under price support, but it is anticipated that this export demand will be spread evenly throughout the fiscal year 1954 with a greater amount being put under price support during the marketing period. Markets at or above support levels are expected to be available for most of the crop, but it is estimated that orderly marketing of

the crop will require price support on about 9 million hundredweight but that only about 1.25 million hundredweight will be delivered to CCC in settlement of loans and purchase agreements, because the rice is of types or qualities not in demand at certain times.

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support and stabilize tobacco prices in a manner most effective and desirable from the viewpoint of CCC, tobacco growers, and tobacco buyers.

Eligibility: Eligible commodity is tobacco of the 1952-crop grown in the United States and Puerto Rico. Eligible borrowers are growers of eligible tobacco who are in compliance with applicable regulations prescribed by the Secretary with respect to tobacco acreage allotments and marketing quotas, except that such compliance is not required for loans on tobacco purchased by tobacco companies for the account of cooperatives on regular auction markets for British manufacturers and dealers.

Operations: Nonrecourse loans are offered to cooperators at following levels: flue-cured, Burley and Puerto Rican, 90% of parity; fire-cured, 75% of Burley rate; dark air-cured and Virginia sun-cured, 66-2/3% of Burley rate.

No support will be available to non-cooperators. The loan rates will be based on the parity price as of July 1, 1952 for flue-cured and as of October 1, 1952 for the other types. No loans, except those necessary to cover carrying and handling charges, will be made under the program prior to or after the dates indicated:

	Earliest Date	Latest Date
Flue-cured	July 1, 1952	February 28, 1953
Burley, fire-cured, dark air-cured, and Virginia sun-cured	Nov. 1, 1952	April 30, 1953
Puerto Rican	Feb. 1, 1953	Sept. 30, 1953

Loans mature on demand, but not later than June 30, 1955, unless extended by CCC.

Loans are made through grower cooperative associations or other responsible organizations which act for groups of growers in receiving, handling, and selling their tobacco. No commercial insurance is carried on tobacco collateral. In lieu thereof the Corporation assumes the physical loss or damage on the tobacco and charges the loan account with a collateral fee of 1-1/2 cents per month per $100 outstanding on the principal amount of the loan on tobacco stored in Continental United States and 3 cents per $100 per month on tobacco stored in Puerto Rico. However, if commercial insurance is carried on any part of the loan by any organization having an insurable interest therein, the collateral fee will not be charged to the loan account with

respect to such part of the loan tobacco and CCC will not assume the risk thereon.

Under the loan agreements the cooperatives in the auction areas bear overhead costs in connection with the loan operation in an amount not less than 12 cents per cwt. and are authorized to pass this charge on to the grower. The charge in Puerto Rico, a non-auction marketing area, will be $1.00 per cwt.

Cooperatives under contract with CCC may enter into contracts with companies normally purchasing U. S. tobacco for British manufacturers whereby such companies may buy, pack, and store, for the account of the cooperatives, tobacco offered for sale on auction markets. Tobacco so acquired by cooperatives may be pledged as security for CCC loans. Companies must invest at least $2.00 per hundred pounds in consideration of a 12-month option to purchase the tobacco for the amount invested plus interest of 3½ percent per annum.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431).

BASIS, 1954 ESTIMATE: This estimate reflects 12½ percent reduction in acreage allotments for the 1953-crop of flue-cured tobacco as proclaimed by the Secretary; however, the reported acreage lost due to drought conditions may make it advisable for the quota to be increased later in the year. The estimates contain an acreage reduction of 10 percent for Burley tobacco. Acreage for other types of tobacco is expected to be about the same as for the previous crop year.

The estimated yield per harvested acre of 1953 tobacco is about equal to that for the 1951 tobacco and higher than the present outlook for the 1952 crop. Based on the reduced acreage of flue-cured and Burley and the indicated yield, total production of 1953-crop tobacco is estimated at 2,125 million pounds. With a carry-in of 3,808 million pounds and estimated imports of 117 million pounds, total supply is estimated at 6,050 million pounds for the 1953-54 marketing year. Domestic disappearance is estimated to be slightly higher as the upward trend in cigarette production is expected to continue. Also, exports are anticipated to be higher than in the previous year. A carry-out of 3,810 million pounds is indicated.

It is estimated that 200 million pounds of 1953-crop tobacco will be pledged for loans as compared with the 360 million pounds anticipated for the 1952 crop and 236.6 placed under loan from the 1951 crop. While under normal conditions the estimated reduced production of 1953 and 1952 tobacco, compared with previous years, would have resulted in a smaller loan program, the reduced purchases of tobacco by the United Kingdom works to maintain the carry-out at a high level.

PRICE SUPPORT PROGRAM, Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wheat at 90 percent of parity and to promote orderly marketing.

Eligibility: Eligible commodity is wheat produced in 1953 and shall be (1) any class grading No. 3 or better; or (2) any class grading No. 4 or No. 5 on the factor of "test weight" and/or because of containing "Durum" and/or "Red Durum" but otherwise grading No. 3 or better. Eligible participants are 1953-crop wheat producers.

Operations: Nonrecourse loans are available from harvest (about May 15) through January 31, 1954, and will mature April 30, 1954, or earlier on demand. Farm-storage loans are made on a note-and-chattel mortgage basis and warehouse-storage loans are made on a note-and-loan agreement basis. Loans may be obtained from approved lending agencies or direct from the Corporation. The level of support will be 90 percent of parity as of July 1, 1953, with an assured minimum national average support price of $2.21 per bushel.

Purchase agreements are offered to producers from harvest through January 31, 1954. A producer desiring to deliver wheat to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1954, or ending on such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 (7 U.S.C. 1441, 1421-1431); and Defense Production Act of 1950, as amended (Public Law 429 approved June 30, 1952).

BASIS, 1954 ESTIMATE: It is estimated that the 1953-crop wheat goal of 72 million acres will produce 960 million bushels. A crop of this size will meet both domestic and export requirements and result in a slight decrease in carryover stocks. This production, together with estimated carryin stocks of 560 million bushels and imports of 5 million bushels, will provide a total supply of 1,525 million bushels for the 1953-54 marketing year. Domestic disappearance is estimated to be 690 million bushels and exports are estimated to be 300 million bushels. Thus, carryout stocks are estimated at 535 million bushels with the

Corporation holding 400 million bushels and producers and commercial channels holding the balance of the carryover on June 30, 1954. This distribution of carryover stocks is in line with recent years' holdings.

Price support loan and purchase agreement operations are estimated to correspond roughly with the total supply each year, i. e., 317.5 million bushels under loan and purchase agreement for the 1954 fiscal year; 420 million bushels for the 1953 fiscal year; and 223.4 million bushels for the 1952 fiscal year.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Honey

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price which beekeepers receive for honey.

Eligibility: Eligible participant for purchase agreements and loans is any individual, partnership, association, or corporation producing extracted honey in the 1952 marketing season.

Eligible commodity is limited to extracted honey produced in Continental United States 1/, packed in 60-pound or larger containers, and equivalent to or better than U. S. Grade C.

1/ Although docket carries authority for the program in Hawaii and Puerto Rico, no program operations are expected in these areas this season because of the favorable marketing conditions there.

Operations: Loans and purchase agreements may be entered into from April 1, 1952 through December 31, 1952 for 10 Southern States and from July 1, 1952 through December 31, 1952 for all other States, to mature not later than March 31, 1953.

The loan and purchase agreement rates range from 9-1/2¢ to 12-1/4¢ per pound based on geographic location, grade and color. The rates are expected to result in a National average of 11.4¢ per pound, which is 70 percent of the April 1, 1952 parity on extracted honey adjusted to a 60-pound container basis.

Loans are made by sight drafts drawn on CCC by the county offices or by approved lending agencies under agreement with CCC. Loan rate is determined on the basis of a sample from the lot or lots which will be placed under loan.

Farm Storage Loan - Honey is to be stored in an approved storage structure located on or off the producer's premises, excluding public warehouses. Producer is obligated to maintain the structure in good repair and keep honey in good condition. Upon maturity, the producer must pay off the loan or deliver the honey at points specified by the State or county committee. Settlement with producer will be made on the basis of the applicable support price for the grade and quantity delivered.

Warehouse-storage loans are made on honey stored in packers' or public warehouses acceptable to CCC. Upon maturity, if the producer fails to redeem the honey, CCC takes title.

Purchase agreement deliveries may be made at the applicable support price for the commodity on any quantity within the maximum specified in the agreement.

Contracts on a negotiated or bid basis may be entered into with commercial honey packers for processing or repackaging which may be required either to protect or to facilitate the disposition of the commodity.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS, 1954 ESTIMATE: The estimate is based on a probable production of about 250 million pounds of honey, a total supply of 279 million pounds, and domestic utilization and exports of about 244 million and 20 million pounds, respectively. The loan and purchase agreement method of price support for honey was adopted for the 1952-53 marketing season beginning April 1, 1952. In view of the increasing familiarity, among producers, of the benefits obtainable from a loan/purchase agreement type of support program and the likelihood of weaker demand early in the season compared to 1952-53, it is estimated that the Corporation may acquire up to 25 million pounds. Outlets exist through School Lunch and other eligible Section 32 distribution channels for approximately 25 million pounds of table grade honey. Any additional supplies acquired would either be carried over into subsequent years or disposed of in any other channels available to CCC.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Milk and Butterfat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the general levels of prices to producers for milk and butterfat and the products of such commodities from April 1, 1952 to March 31, 1953.

Eligibility: Eligible dairy products must be produced and located in the Continental United States and must be in units of not less than tariff minimum carlots for the area where the products are located. Under present operations the following products are eligible:

Butter must be U. S. Grade B or higher, solid packed in commercial containers.

Nonfat dry milk solids must be spray and roller process, U. S. Extra Grade, packed in export containers.

Cheese must be American Cheddar of U. S. Grade A or higher, packed in commercial domestic or export containers.

Operations: Purchases will be made on the basis of offers and acceptances pursuant to announcements setting forth the terms and conditions of purchase. Purchase contracts will be dated after March 31, 1952 and not later than March 31, 1953. The Corporation has issued an open announcement to buy carlots f. o. b. any location at the following prices:

Cheddar cheese, U. S. Grade A or higher:	
Domestic packages	38¼¢ per lb.
Export packages	39 ¢ per lb.
Butter:	
U. S. Grade A or higher	67-3/4¢ per lb.
U. S. Grade B	65-3/4¢ per lb.
Nonfat dry milk solids, U. S. Extra:	
Spray type	17¢ per lb.
Roller type	15¢ per lb.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Title II of the Agricultural Act of 1949 (7 U.S.C. 1446).

BASIS, 1954 ESTIMATE: Milk production during the major part of the current marketing year has been running below the level of a year ago and is at the lowest per capita rate on record. In view of the labor and other production difficulties facing dairy farmers, and the alternatives available to them, prices of milk and butterfat at least equal to 90 percent of parity will be necessary to help maintain milk production during the fiscal year 1954.

As in recent years, commercial imports and exports of dairy products are likely to be minor factors in the market situation. Exports have declined from the war and immediate post-war levels and no increase is expected during the next couple of years. Assuming the continuation of present legislation controlling imports, the level of imports of dairy products also is not expected to change much during this period.

Domestic demand for fluid milk and most dairy products is expected to increase during 1953 and 1954. The weakest part of the demand picture will continue to be the demand for butter. Farm prices of milk and butterfat may increase moderately as a result of increased demand, even though wholesale prices generally remain near present levels. A moderate recovery in farm milk production from the present low level also is likely.

Only moderate purchases of dairy products will be necessary, therefore, to support prices to producers for milk and butterfat during the fiscal years 1953 and 1954. The gross purchases of dairy products provided for in the budget estimates for those years are equal to only about one percent of total milk production in the United States. These purchases also may be largely seasonal in nature.

PRESENT OUTLOOK: Milk production during most of 1952 was below the level of a year earlier and the lowest per capita rate on record, largely as a result of widespread drought conditions during the summer months of seasonally heavy production. During the latter part of the year, production conditions improved, and output of both milk and dairy products declined less than seasonally, resulting in contraseasonal price declines to support purchase levels. CCC purchased a small quantity of cheese during the early summer months, and purchased nonfat dry milk solids during most of the year. With the decline in market prices in late 1952, purchases of butter, cheese and nonfat dry milk solids increased.

Since preparation of the budget estimates, the anticipated gross USDA purchases of dairy products for the fiscal years 1953 and 1954 have increased from about one percent to approximately three percent of total milk production in the United States. The purchases in 1954 may be partly seasonal in nature. The estimates assume disposition by sales in domestic markets, distribution to Section 32 programs and export sales at less than CCC cost. To the extent that such sales outlets do not materialize, it may be necessary to donate dairy products to eligible recipients in accordance with Section 416 of the Agricultural Act of 1949.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Mohair

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of mohair to producers during the period May 1, 1953 through March 31, 1954 at 78% of April 1, 1953 parity.

Eligibility: Domestic mohair secured by approved warehouse receipts produced in 1953, title and beneficial interest in which is retained by producers. Mohair offered for nonrecourse loans shall be in merchantable condition in approved warehouses.

Operations: Advance recourse and nonrecourse loans to producers through handlers will be made available by CCC operating through FMA Commodity Offices. Advance loans will not exceed 70 percent of the estimated appraisal value. Notes covering advance recourse loans will become payable on or before 5 months from date or on April 30, 1954, whichever is earlier. When application for appraisal has been made but appraisal has not been completed prior to maturity date, the maturity date may be extended beyond the 5-month period but not later than April 30, 1954. Nonrecourse loans will mature April 30, 1954, or earlier upon demand. Application to convert advance recourse loans to nonrecourse loans may be made at any time before the maturity date of the recourse loans.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS, 1954 ESTIMATE: Current market prices would indicate that mohair prices would not need to be supported during fiscal years 1953 and 1954. However, mohair prices are subject to wide fluctuations. Also, there are numerous grades and classes of mohair that may show divergent trends in demand and prices. Price trends for mohair during the past two years have tended to fluctuate with military demand. Military orders for wool and mohair textiles have declined in the past year. In addition to this factor, supplies of coarse crossbred wools substitutible for mohair have accumulated in Argentina. The Argentine Government is endeavoring by foreign exchange adjustments to move the accumulations of 1951 and 1952 wools. The possible effect of these efforts of the Argentine Government is a sudden sharp break in world prices for coarse wools which would be reflected in lower mohair prices and activation of a price support program for mohair.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Tung Nuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop tung nuts.

Eligibility: Producers of 1952-crop tung nuts. Tung nuts must be matured, air dried with hard hulls and suitable for milling. Tung oil must meet federal specifications.

Operations: Non-recourse loans and purchase agreements on eligible tung oil are available from November 1, 1952 through June 30, 1953, maturing October 31, 1953, or earlier on demand. Loans are made on a note and loan agreement basis with a warehouse receipt constituting the security. The support price for eligible tung oil shall be determined by the President, CCC, on the basis of a formula designed to reflect the support level of tung nuts.

Purchase agreements are available on eligible tung nuts from November 1, 1952 through January 31, 1953, at the higher of $67.20 per ton or 60% of the November 1, 1952 parity price. The producer may deliver tung nuts or tung oil at his option, so long as the quantity does not exceed the maximum amount of tung nuts, or tung oil equivalent, specified in the purchase agreement.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS, 1954 ESTIMATE: Based on the assumption that the embargo against Chinese tung oil will continue during the 1953 and 1954 fiscal years, it is assumed that the market price of tung oil will remain above the support level, and consequently no losses will be sustained on the 1952 and 1953 crops. On the 1951 crop no loans or purchases were made and no losses sustained since the market price was substantially above the support price. It is possible that no loans or purchase agreements will be made on the 1952 and 1953 crops. However, loans and purchase agreements covering approximately one-fourth of the crop in these years are provided on the basis that some producers may would desire to obtain loans or to enter into purchase agreements as a means of obtaining financing while they held their oil to provide for orderly marketing.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Wool

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wool to producers during the period May 1, 1953 through March 31, 1954 at 90% of April 1, 1953 parity.

Eligibility: Domestic wool shorn or pulled in 1953, title and beneficial interest in which is retained by producers. Shorn wool offered for nonrecourse loans or pulled wool tendered for purchase shall be in merchantable condition in approved warehouses.

Operations: Advance recourse and nonrecourse loans to producers through handlers will be made available on shorn wool by CCC operating through PMA Commodity Offices. Advance loans will not exceed 70 percent of the estimated appraisal value. Notes covering advance recourse loans will become payable on or before 5 months from date or on April 30, 1954, whichever is earlier. When application for appraisal has been made but appraisal has not been completed prior to maturity date, the maturity date may be extended beyond the 5-month period but not later than April 30, 1954. Nonrecourse loans will mature April 30, 1954, or earlier upon demand. Application to convert advance recourse loans to nonrecourse loans may be made at any time before the maturity date of the recourse loans.

Purchases of pulled wool from producers or through handlers will be made by CCC operating through PMA Commodity Offices.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949 (7 U.S.C. 1446, 1421-1431).

BASIS, 1954 ESTIMATE: The volume of loans estimated for fiscal years 1953 and 1954 is based upon current and expected production and market conditions. United States production for 1953 is expected to be about the same as 1952 production. World production of wool is greater than world consumption, compared with the reverse situation from 1946 through 1950. World consumption is increasing slightly, but the rate of increase is currently too slow to indicate strong world prices for wool. The expected farm price is so close to the expected parity that farm and market prices are expected to be lower than support prices for extended periods, thus inducing applications for loans. The farm price has been below the support level for 8 consecutive months in the calendar year 1952. In the current market many grades and classes of domestic wools are selling below loan values and many foreign wools, duty paid, are selling under domestic wools.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop barley in order to assure adequate supplies to support high-level livestock production and to promote orderly marketing.

Eligibility: Eligible commodity is barley produced in 1953 and grading No. 5 or better or No. 5 Garlicky or better. Eligible participants are producers of 1953-crop barley.

Operations: Nonrecourse loans are available from harvest (about May 15, 1953) through January 31, 1954 and will mature April 30, 1954, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans are made on a note-and-chattel mortgage basis for farm-stored barley and on a note-and-loan agreement basis for warehouse-stored barley. The national average support price is $1.24 per bushel. This support price is 85 percent of August 15, 1952 parity price for all barley. It was estimated that this support price would not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements are offered to producers from harvest through January 31, 1954. A producer desiring to deliver barley to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1954. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This budget estimate is based on an estimated planted acreage for the 1953 crop of 10 million acres, which is about the same as the planted acreage for the 1952 crop. To encourage producers in maintaining production, a support level of 85 percent of parity for the 1953 crop has been announced as compared to 80 percent on the 1952 crop. This increase in the support level is not expected to result in an increase in price support loans due to the strong demand for feed grains which is expected to maintain market prices above the price support level. However, producers will need the loan and purchase agreement operations to assist in orderly marketing.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Beans, Dry Edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support 1953-crop dry edible beans at prices designed to encourage balanced production by classes and to promote orderly marketing. The prices reflect an average price of $7.79 per 100 pounds.

Eligibility: Eligible commodity is dry edible beans of the classes: Pea, Medium White, Great Northern, Small White, Flat Small White, Pink, Small Red, Pinto, Red Kidney, Large Lima, and Baby Lima produced in 1953 grading No. 2 or better. Eligible participants are producers or cooperative marketing associations of producers of 1953-crop dry edible beans.

Operations: Nonrecourse loans are available from harvest through January 31, 1954 and will mature April 30, 1954, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for farm-stored beans and on a note-and-loan agreement basis for warehouse stored beans. Loans may be obtained from approved lending agencies or direct from the Corporation.

Purchase agreements are offered to producers from harvest through January 31, 1954. A producer who elects to deliver beans to the Corporation under a purchase agreement must declare his intentions to sell within a 30-day period ending April 30, 1954. The producer is not obligated to sell any specified quantity; however, the quantity specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This is based upon a strong demand for all classes of beans except possibly Baby Limas. The total supply has reduced each year since 1950 and it is expected that the 1953 acreage will be increased and that the greater production will move into markets at prices somewhat above the support level.

It is estimated that CCC stocks will be completely exhausted during the fiscal year 1954. It is expected, however, that producers will continue to use the support program as a means of assistance in orderly marketing and that deliveries will be small.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Cottonseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop cottonseed to eligible producers.

Eligibility:

a. Commodities:

(1) Cottonseed produced in Continental United States in 1952 by an eligible producer. For farm storage loans, or warehouse storage loans on an identity preserved basis, cottonseed must not have more than 11% moisture; cottonseed stored in warehouses on commingled basis must show weight and grade on warehouse receipts.

(2) Cottonseed end products from oil mills under contract with CCC.

b. Participants:

(1) Producers of 1952 crop cottonseed as individuals, partnerships, corporations, associations or other legal entity.

(2) Participating ginners (those filing notice with County Committee of intention to participate in program).

(3) Participating oil millers (those operating under 1952 CCC Cottonseed Bulletin 3).

Operations: Loans: Farm-storage non-recourse loans will be made through January 31, 1953, maturing March 1, 1953 or earlier on demand, at $66.40 per ton to producers, directly by CCC and through approved lending agencies, on a note and chattel mortgage basis for cottonseed stored in approved structures (on or off farm) provided no warehouse receipts are outstanding.

Warehouse-storage non-recourse loans will be made through January 31, 1953, maturing March 1, 1953 or earlier on demand, at $66.40 per ton to producers on the basis of a note and loan agreement secured by warehouse receipts issued by CCC-approved warehousemen. If not stored on an identity-preserved basis, the loan rate will be made at the settlement rate for the grade indicated on the warehouse receipts.

Purchase Agreements will be available to producers through January 31, 1953 at the settlement rate of $66.40 per

ton for basis grade (100) cottonseed. The producers will not be required to deliver any specified quantity of cottonseed, but must notify the PMA County Committee of their intention to deliver cottonseed during a 30-day period ending March 1, 1953, or such earlier ending date as the President of CCC may direct.

Purchases: CCC will issue an open offer to purchase cottonseed from participating ginners through February 28, 1953 at the purchase rate of $66.40 per ton for basis grade (100) cottonseed, f.o.b. gin. Such ginners must agree to pay eligible producers not less than the support price of $62.40 per ton for basis grade (100) cottonseed. In areas where ginner participation is certified by the State PMA Chairman to be insufficient, CCC will purchase eligible cottonseed directly from eligible producers. CCC will also issue an open offer to purchase certain cottonseed end products, from participating oil mills, for delivery not later than September 15, 1953. Such mills must have previously agreed to purchase eligible cottonseed from CCC, from participating ginners (at not less than the above f.o.b. gin price) or from producers (at not less than support price which the ginner would have to pay the producers) . All support and purchase prices above mentioned are subject to premiums and discounts.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: The budget estimate for fiscal year 1954 is based on the assumption that acreage allotments and marketing quotas will not be in effect for the 1953 crop. Price of cottonseed is largely determined by prices received for end products. Assuming present prices for cottonseed oil and linters will continue through 1953 crop year, which is quite likely in view of the fact that no substantial diminution in supply is contemplated, it is estimated that 20,000 tons of cottonseed will be placed in loan and that cottonseed products equivalent to 875,000 tons of cottonseed will be purchased.

PRESENT OUTLOOK: Since the budget was prepared, a 1953 goal of 13,000,000 bales and 22,800,000 acres of cotton has been announced. If the ratio of lint to seed should be the same as the average for the last five years, the production of 1953-crop cottonseed based on the announced goal would be about 14 percent below that of the 1952-crop year. It is customary for most farmers to dispose of their cottonseed, except those saved for planting purposes, as the cotton is ginned. Generally, each crop of cottonseed is processed during the crop year regardless of market price. The supply and demand relationship is thus transferred from cottonseed to the end products. With the expected large carry-over of cottonseed oil and linters

and the decline in exports and the consequent effect on prices, it is expected that price support operations for cottonseed and products will remain about the same as shown in the budget for the fiscal year 1954.

However, the estimates for the fiscal year 1953 have been revised to reflect larger purchases of cottonseed products due to a sharp break in the market. Large domestic crops of soybeans and cottonseed and a decline in edible oil exports due to increased world production have resulted in lower cottonseed oil prices; competition with cheap pulp has caused a severe decline in the cellulose linter market; and cottonseed meal, which for some months had been selling at ceiling prices, has recently fallen below ceiling levels.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953 crop flaxseed in order to maintain an adequate supply and to promote orderly marketing.

Eligibility: Eligible flaxseed is that produced in 1953 and grading No. 2 or better. Eligible participants are producers of 1953-crop flaxseed.

Operations: Nonrecourse loans are available from about April 1, 1953 through October 31, 1953, in Arizona and California and through January 31, 1954 in all other States. Loans are made on a note-and-chattel mortgage basis for flaxseed stored on the farm and on a note-and-loan agreement basis when stored in an approved public warehouse. Loans will mature on January 31, 1954, or earlier on demand in Arizona, California and Texas counties not designated as purchase counties and on April 30, 1954 in all other States. The national average support price for flaxseed grading No. 1 is $3.79 per bushel. This support price is 80 percent of the parity price of all flaxseed as of August 15, 1952. It was estimated that this support price would not exceed 90 percent of parity as of July 1, 1953, the beginning of the marketing year.

Purchase agreements are available on eligible flaxseed for the same periods and areas as are loans. A producer electing to deliver flaxseed to the Corporation must declare his intention in this regard within a 30-day period ending January 31, 1954 in Arizona and California and ending April 30, 1954 in all other States, or on such earlier dates as may be prescribed by the President, CCC. The producer is not obligated to sell any specific quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Direct purchases, if necessary, will be made in designated Texas counties from harvest through July 31, 1953, if the market price is not equal to or in excess of the support in such counties. This operation may be necessary, since flaxseed produced in this area contains excess moisture and cannot be stored without deterioration.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714c), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: Because of the stocks of linseed oil and requirements, a production goal of 3 million acres would be sufficient. However, it is anticipated that 3.5 million acres will be planted. It is estimated that production from the 3.5 million acres will be 31.5 million bushels as compared with the 31 million bushels for the 1952 crop. The 1953 crop will be supported at $3.79 per bushel which is about the same as for the 1952 crop. The increase in the support level for the 1952 and 1953 crops over that for the 1951 crop was necessary to assist in halting the declining production of flaxseed which is essential in the defense program. The higher support level has made the loan operations more attractive to producers, thus increasing price support activity.

The carryover of flaxseed and linseed oils is expected to be reduced, even with 3.5 million acres seeded. It is expected that the demand for linseed oil and meal will maintain prices slightly above the price support level and that any quantity of flaxseed delivered under the program will be sold during the fiscal year.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To help maintain adequate supplies and facilitate the orderly distribution of gum naval stores produced in the United States by supporting the level of prices to producers at 90 percent of estimated April 1, 1953 crude gum parity.

Eligibility: Eligible naval stores include (1) processed turpentine meeting prescribed specifications and stored in approved bulk tanks, (2) processed rosin, Federally graded X through I, packed in specified metal drums and placed in approved storage, and (3) the turpentine and rosin content of crude gum stored at processing plants adequately equipped with crude gum storage facilities. Producers may pledge the turpentine and rosin content of stored crude gum, the warehouseman being obligated to process the gum within specified time limits and deliver processed turpentine and rosin equal to or better than the grades and weights on which the loan is based.

Eligible borrowers are producers who are members of the American Turpentine Farmers' Association Cooperative of Valdosta, Georgia, who cooperate in the 1953 Gum Naval Stores Conservation Program or otherwise follow good forestry conservation practices as determined by the Department.

Operations: Loans are governed by an agreement between CCC and the single producer association representing about 95 percent of domestic gum production. Loans are available to eligible producers throughout the producing area during, and on production harvested in, the calendar year 1953 and mature March 31, 1954 or earlier on demand. The loan rate, estimated April 1, 1953 at 90 percent of parity and applied to the gum naval stores production unit of 50 gallons of turpentine and 1,400 pounds of rosin, is $129.81. Initial loan rates are 50 cents per bulk gallon of turpentine and $7.49 per cwt. of rosin, Grades WG, WW, and X, with a rate of 10 cents lower for Grades N, M, K and I.

Producers are required to execute an agreement with the Association containing the terms and conditions upon which the loan is made. The Association enters into agreements with warehousemen and such agreements are assigned to CCC. Payment of the loan proceeds to the producer is effected by the warehouseman (acting as agent of the Association) making request therefor upon CCC through the Association. Such payments are made by check directly to producers or their designees by the Atlanta Federal Reserve Bank.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE:

Rosin: Production of all types of rosin during the crop years 1952 and 1953 is estimated at 2,060,000 drums, compared with approximately 2,418,000 drums during 1951. This production, together with actual carry-in stocks approximating 796,000 drums and small imports of Mexican gum rosin, will provide a total available supply during the crop year 1952 of approximately 2,858,000 drums. Owing to reduced output, the supply during the crop year 1952 is estimated at 5½ percent less than the previous crop year. However, increased carry-in stocks for the crop year 1953 (reflecting, in part, pledges under the price support programs) should provide a total supply of approximately 2,995,000 drums, approximately 5 percent greater than the supply during the crop year 1952 and only 1 percent less than the 1951 supply.

The domestic market is expected to absorb 1,400,000 drums of each of the 1952 and 1953 crops. This is 14 percent less than domestic disappearance during the 1951 crop year. The decline is explained in part by the increased use of raw commodities other than rosin in the manufacture of synthetic resins and in the protective coating field generally. Similarly, it is anticipated that the intensified dollar exchange situation will reduce rosin exports during crop years 1952 and 1953 to 525,000 drums, approximately 13 percent below 1951 levels.

Carry-out stocks on March 31, 1953 should approximate 933,000 drums or about a 4-months' supply. Because of the accumulation of loan stocks, the carry-out on March 31, 1954 is estimated at 1,070,000 drums.

The market value of rosin is expected to average $7.40 per cwt. net during the crop years 1952 and 1953. The support levels are projected at $7.48 for the 1952 and 1953 crops.

Under these anticipated conditions of increasing supplies and resultant decreasing prices, producers are expected to pledge nearly 40 percent of the 1952 and 1953 gum rosin crops or about double the percentage pledged from the 1951 crop. It is anticipated that part of these pledges will be redeemed during the slack production season. In order not to vitiate the effects of anticipatedly active price support programs, any substantial liquidation of CCC-held rosin collateral is believed improbable during the 1953 and 1954 fiscal years. By the close of the fiscal year 1954, it is anticipated that CCC-held gum rosin stocks will approximate 814,000 drums.

Turpentine: For each of the years 1952 and 1953, production of all types of turpentine is estimated at 31,000,000 gallons (620,000 barrels of 50 gallons each), approximately 9 percent under 1951 output. This production, together with carry-in stocks of 9,722,000 gallons and imports from Mexico of 1,000,000 gallons, would provide a total supply of 41,722,000 gallons during the crop year 1952. This is almost identical to the supply during the previous year. Because of loan pledges in the 1952 program, carry-in stocks for the crop year 1953 are estimated at 11,500,000 gallons and the total turpentine supply at 43,500,000 gallons (about 4 percent in excess of the two previous years).

Domestic consumption and exports are expected to approximate 25,000,000 gallons and 5,200,000 gallons, respectively, during the crop years 1952 and 1953. This is approximately 5 percent below utilization during 1951.

The market value of turpentine is estimated at an average of 54 cents per gallon during the crop years 1952 and 1953. Support levels are 50 cents per gallon. Under these anticipated conditions of increasing supplies and resultant decreasing prices, producers are expected to pledge about 20 percent of the 1952 and 1953 gum turpentine crops as compared with about 10 percent of the 1951 crop pledged. At least 1,000,000 gallons should be redeemed from the loan during each of these crop years.

By the end of the fiscal year 1954, it is estimated that CCC holdings of gum turpentine will approximate 3,200,000 gallons.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop oats in order to assure adequate supplies of feed grains to support high-level livestock production and to promote orderly marketing.

Eligibility: Eligible commodity is 1953-crop oats grading No. 3 or better. Eligible participants are producers of 1953-crop oats.

Operations: Nonrecourse loans are available from harvest (about May 15, 1953) through January 31, 1954 and will mature April 30, 1954, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans are made on a note-and-chattel mortgage basis for farm-stored oats and on a note-and-loan agreement basis for warehouse-stored oats. The national average support price is 80 cents per bushel. This support price is 85 percent of August 15, 1952 parity price for all oats. It was estimated that this support price would not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements are offered to producers from harvest through January 31, 1954. A producer who elects to deliver oats to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1954. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This estimate is based on an acreage goal of 43 million acres for 1953-crop oats which is about the same acreage as was seeded for harvest in 1952. The support level is 85 percent of August 15, 1952 parity as compared with 80 percent of August 15, 1951 parity for the 1952 crop. The estimated 17 million bushels to be placed under price support during the 1954 fiscal year is 4 million bushels less than the 21 million bushels estimated for the 1953 fiscal year. The principal cause of this decline in price support activity from fiscal year 1953 is the smaller margin between the support rate per bushel and the anticipated farm price. It is believed that feed demand will maintain market prices at slightly above support levels. However, it is estimated that CCC stocks will be increased by acquisitions in excess of sales from the carry-over of previous programs.

PRICE SUPPORT PROGRAM - Other Nonbasic Commodities

Olive Oil

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop edible olive oil.

Eligibility: 1952-crop edible olive oil. Producers of 1952 oil olives are eligible participants.

Operations: Non-recourse loans are available to eligible producers at $2.50 per gallon from January 1, 1953 through April 30, 1953, maturing December 31, 1953 or earlier on demand.

Purchase agreements are available to eligible producers from January 1, 1953 through April 30, 1953. Notification of intention to deliver olive oil must be given to County Committee within a 30-day period ending December 31, 1953 or such earlier ending date as may be required by CCC.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: The United States price of olive oil is primarily dependent not on domestic production but on world supply and demand for this commodity since a large part of the olive oil consumed in this country must be imported. Although preliminary estimates indicate that the 1952 world crop will be substantially lower than the 1951 crop, it is estimated that carry-over stocks in the Mediterranean Countries at the beginning of the 1952 season were large. As a result, supplies of olive oil in those countries are estimated as adequate for indigenous consumption and for export, and it is assumed that United States imports during the 1952 crop year beginning December 1, 1952 will amount to 50 million pounds which approximates the 1949-51 average.

The foregoing import situation creates an expectation of total supply being very substantially higher than the previous year even though carry-in and production are smaller. These factors necessitated the announcement of a program for the 1952 crop. Activity during the fiscal year 1954 reflects the liquidation of the 1952 price support program and no support program is contemplated on the 1953 crop.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop rye to assure adequate supplies and to encourage orderly marketing.

Eligibility: Eligible commodity is rye produced in 1953 and grading No. 2 or better, or grading No. 3 solely on the factor of test weight, containing not in excess of 1% ergot.

Eligible participants are producers of 1953-crop rye.

Operations: Nonrecourse loans are available from harvest (about May 15, 1953) through January 31, 1954, and will mature April 30, 1954, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans are made on a note-and-chattel mortgage basis for farm-stored rye and on a note-and-loan agreement basis for warehouse-stored rye. The national average support price is $1.43 per bushel. This support price is 85 percent of August 15, 1952 parity price for all rye. It was estimated that this support price would not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements are offered to producers from harvest through January 31, 1954. A producer desiring to deliver rye to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1954. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This estimate is based on a production goal of 1,700,000 acres, which is about the same acreage as was harvested in 1951. The level of support for the 1953 crop is 85 percent of August 15, 1952 parity. Based on the estimated production goal, the supply of rye will remain about the same as for the 1951 marketing year, which should result in price support operations for each of the fiscal years 1953 and 1954 being about the same as for the fiscal year 1952. Prices should remain substantially above the support and practically no deliveries are expected.

PRESENT OUTLOOK: An additional 20 million pounds of 1952 alfalfa seed at 35 cents per pound will probably be placed under loan in 1953 and substantially all of the collateral acquired by CCC. This increase over the Budget Estimate is brought about due to a substantial increase in the production of alfalfa seed, all of which is in excess of requirements and will be carried in CCC inventory through fiscal year 1954.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Seeds, Hay and Pasture

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1952-crop hay, pasture and range grass seed in order to encourage adequate production to meet seed requirements of American farmers for forage and for soil conservation during the next few years. Particular emphasis is put on production of improved varieties of seed.

Eligibility: Eligible seeds are certain alfalfas, clovers, lespedeza and grasses produced in 1952. Seed delivered to CCC must be cleaned, bagged, and tagged and meet specifications determined by the Corporation. Eligible participants are producers or cooperative associations of producers of 1952-crop eligible seed.

Operations: Loans are available from time of harvest through January 31, 1953 and will mature April 30, 1953 (September 30, 1953, in the case of range grass seed) or earlier on demand. Loans may be obtained from approved lending agencies or direct from the Corporation. Farm-storage loans are made on a note-and-chattel mortgage basis and warehouse-storage loans are made on a note-and-loan agreement basis. The basic support prices range from 3.5¢ to $1.00 per pound depending upon variety, purity and germination. It was estimated that in no case would the support price be in excess of 90% of parity as of the beginning of the marketing year.

Purchase agreements are offered to producers from time of harvest through January 31, 1953. A producer desiring to deliver seed to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1953 (ending on September 30, 1953 in the case of range grass seed). The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This estimate is based on a total national production in 1953 of slightly less than 600 million pounds of hay and pasture seeds. Supplies of hay, pasture and range grass seeds were relatively in good balance with the 1952 crop harvest and 1952 crop carryovers are likely to be slightly above the previous year carryover. It is expected that a slightly higher production will be attained with the 1953 crop which will be needed in maintaining hay and pasture acreages. It is anticipated that the loan program will be about the same as from the 1952-crop and practically all of the seeds will be redeemed. It is estimated that the CCC inventory will be reduced about one-half.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Seeds, Winter Cover Crop

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of winter cover crop seed in order to encourage farmers to plant acreages in line with announced production goals.

Eligibility: Eligible commodity is 1953-crop high-quality seed, cleaned, bagged, and tagged, of the following varieties: hairy vetch; crimson clover; certified reseeding crimson clover; common ryegrass; roughpeas. Eligible participants are producers and cooperative marketing associations of producers.

Operations: Loans will be available from harvest (about May 15, 1953) through December 31, 1953, and will mature January 31, 1954, or earlier on demand. Loans will be made on a note-and-chattel mortgage basis for farm-stored seed and on a note-and-loan agreement basis for warehouse-stored seed. Loans may be obtained from approved lending agencies or direct from the Corporation. Support prices range from 6¢ to 19¢ per pound depending on variety.

Purchase agreements will be available from harvest through December 31, 1953. Producers electing to deliver seed to CCC under purchase agreements must declare their intention to sell within a 30-day period ending January 31, 1954. The producer will not be obligated to deliver any specified quantity but shall have the option of delivering any quantity up to the maximum specified in the purchase agreement.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: The relatively small production of winter cover crop seeds in the years 1945-49 had to be supplemented with extensive imports. The short supply brought about high prices and thereby stimulated production beginning with the 1950 crop. Prospective supplies for 1952-53 are above normal and should provide a large reserve against future demands. Most of the CCC inventory during fiscal year 1953 is composed of Austrian Peas which were dropped from the 1952 and 1953 price support programs and Blue Lupine for which price support is not indicated for the 1953 crop. It is probable that these old stocks will be disposed of through feed and fertilizer outlets. The estimate for fiscal year 1954 is therefore based on the remaining varieties of seeds and it is anticipated that redemptions will be large and any new stocks taken over will be sold within the fiscal year.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop grain sorghums to assure adequate supplies of feed grains to support high-level livestock production and to provide orderly marketing.

Eligibility: Eligible commodity is grain sorghums produced in 1953 grading No. 4 or better, or No. 4 Smutty or better, and containing not more than 13 percent moisture. Eligible participants are producers of 1953-crop grain sorghums.

Operations: Nonrecourse loans are available from April 1, 1953, through January 31, 1954, and will mature March 31, 1954, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Farm-storage loans will be secured by notes and chattel mortgages and warehouse-storage loans will be secured by notes and loan agreements. The national average support price is $1.36 per bushel. This support price is 85 percent of August 15, 1952, parity price for all grain sorghums. It was estimated that this support price would not exceed 90 percent of parity as of the beginning of the marketing year.

Purchase agreements are offered to producers from April 1, 1953, through January 31, 1954. A producer desiring to deliver grain sorghums to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending March 31, 1954. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: This estimate is based upon the goal of 10,500,000 acres harvested. The 1952 crop was harvested from only 5,229,000 acres. A much larger acreage is possible because of the loss of wheat acreage due to drought. The increased production will be necessary for feed and replacing carryover supplies. Because of the short crop in 1952 and the strong demand, only slightly more than 2 million bushels will be placed under loan in 1953 in order to market in an orderly manner. With the large crop anticipated for 1953 - nearly three times as large as the 1952 crop - it is expected that about 50.5 million bushels will be placed under price support and half of it will be redeemed.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Soybeans

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1953-crop soybeans in order to maintain high-level production to meet demand for high-protein feeds and to promote orderly marketing.

Eligibility: Eligible commodity is soybeans having moisture content not in excess of 14 percent and grading No. 4 or better on all other factors. Eligible participants are producers of 1953-crop soybeans.

Operations: Nonrecourse loans are available from harvest (about August 15, 1953) through January 31, 1954, maturing May 31, 1954, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for soybeans stored in approved farm-storage structures and on a note-and-loan agreement basis secured by warehouse receipts, when place of storage is an approved public warehouse. The national average support price is $2.56 per bushel, 90 percent of September 15, 1952 parity. It was estimated that this support price would not exceed 90 percent of parity as of September 1, 1953, the beginning of the marketing year. Loans may be obtained from approved lending agencies or direct from the Corporation.

Purchase agreements are available to producers from harvest through January 31, 1954. A producer desiring to deliver soybeans to the Corporation under a purchase agreement must so declare his intentions within a 30-day period ending May 31, 1954, or on such earlier date as may be determined by the Corporation. A producer is not obligated to deliver any specified quantity of soybeans to CCC; however, the number of bushels specified in the purchase agreement is the maximum quantity which may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 (7 U.S.C. 1447-1449, 1421-1431).

BASIS, 1954 ESTIMATE: The budget estimate is based on a harvested acreage of 13.9 million acres which is expected to yield a production of 285 million bushels. This production, which is about the same as the 1952 crop production, may be in excess of that needed for edible oil; however, it will not be excessive with respect to the demand for protein feeds. A larger acreage cannot be obtained without a reduction in corn or cotton acreage. It is anticipated that the soybean price support program during the 1954 fiscal year will be used to a somewhat larger extent by producers than during previous years, since soybean producers are becoming more familiar with the advantages of not marketing their crop immediately following harvest.

PRICE SUPPORT PROGRAM, Exchange Commodities

Strategic and Critical Materials

SUMMARY OF LATEST OPERATIONS:

Objective: To exchange Commodity Credit Corporation owned commodities for strategic or critical materials produced abroad.

Eligibility: Materials must be designated as strategic or critical by the Munitions Board and must be produced abroad pursuant to Section 2 of the Stockpiling Act, P. L. 520, 79th Congress. Domestic agricultural commodities exchanged must be surplus to the needs of the United States, owned by Commodity Credit Corporation, and must not interfere with the normal export of such commodities.

Operations: The usual policy of the Commodity Credit Corporation has been to consider only materials for which the Corporation can receive immediate reimbursement from the Munitions Board, although the Corporation has the authority to barter for strategic materials which the Munitions Board cannot accept immediately because of insufficient funds. Exchanges are made on a dollar-for-dollar basis, the fair value of the strategic materials being determined by the General Services Administration. Commodity Credit Corporation deals directly with foreign governments or through private trade channels.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714b thereof.

BASIS, 1954 ESTIMATE: It is estimated that Commodity Credit Corporation owned commodities valued at $35,000,000 will be exchanged for strategic or critical materials produced abroad during the fiscal year 1954, the same value as is estimated for exchange during the current fiscal year. During the fiscal year 1952 commodities valued at $40,264,819 were exchanged.

SUPPLY AND FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure agricultural commodities in the United States and abroad to meet the needs of United States Government agencies (principally those administering relief programs abroad), cash-paying foreign governments, international relief agencies, and domestic requirements. The production or stockpiling of agricultural commodities under Sections 303 and 304 of the Defense Production Act of 1950 is also carried out under this program.

Operations: Procurement for this program is made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture.

Generally, purchases are made at the best price obtainable at either an announced price or on an offer-and-acceptance basis in quantities, although purchases may also be made under formal competitive bids.

Purchases for any claimant, other than a Federal Government agency, require (1) a firm requisition or a firm contract from the claimant and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors when it is anticipated that no risk of loss is involved. In addition, the Board of Directors may authorize the purchase and stockpiling of commodities in the interest of national security.

Transfers to claimants are at prices designed to reimburse the Corporation for all costs incidental to carrying out this operation. Disposition through commercial channels, donations, or destruction are made in accordance with statutory requirements and authorized policy.

The defense production program includes a program to aid producers in developing experience in growing castor beans so that production may be readily expanded, thus providing a source for castor oil for stockpiling and for industrial use in connection with military needs; stockpiling for defense needs of such commodities as American-Egyptian cotton, linseed oil, and tung oil; and development of a kenaf fiber industry capable of supplementing jute fiber and burlap imports.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and sections 303 and 304 of the Defense Production Act of 1950, as amended (Public Law 774 approved September 8, 1950; Public Law 96 approved July 31, 1951; Public Law 429 approved June 30, 1952).

BASIS, 1954 ESTIMATE: This estimate is based on the assumptions that CCC will continue to purchase a limited supply of agricultural commodities for the Mutual Security Administration and for the Department of the Army for use in occupied areas in fiscal year 1954 and that CCC will continue the initial financing of certain programs sponsored by the Defense Production Administration concerning strategic and critical materials, primarily castor beans and kenaf. Acquisitions in fiscal year 1952 were $88,641,118, as compared to estimated acquisitions of $111,352,445 in 1953 and $57,549,192 in 1954. It is estimated that the distribution of acquisitions by programs during the fiscal year 1954 will be as follows: Defense Production Administration, $25,635,392; Department of the Army, $24,035,000; Mutual Security Administration, $7,548,800; and miscellaneous supply programs, $330,000.

STORAGE FACILITIES PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide adequate storage facilities for CCC-owned and producer-owned commodities; to assist producers in financing the construction or purchase of suitable farm-storage facilities; to encourage the construction of needed commercial storage facilities; and to assist producers in financing the purchase of suitable mobile drying equipment to facilitate safe farm storage.

Operations: Bins and granaries were bought by the Corporation on an offer-and-acceptance basis and are located only in areas where it is determined that existing privately owned storage facilities are not adequate. Storage units having a capacity of approximately 543 million bushels are now owned by CCC.

Storage use guarantees were made under agreements with commercial firms, including cooperatives, in order to encourage the construction of additional commercial storage facilities for farm commodities in areas where additional facilities were necessary. The guarantees made under the agreements are in the form of a guarantee for a maximum of 3 years as to the capacity that will be utilized or a guarantee as to the rate of earnings from storage in the new facility, or a combination of both. The Corporation fulfills the guarantee, either by actual storage of CCC-owned commodities, or by making a payment. Storage rates must not exceed the rate the Corporation is paying for comparable storage in the same area at the time the agreement was made. The offering of new storage agreements was discontinued February 28, 1951.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the construction or purchase of suitable farm-storage facilities. Loans are for a maximum period of four years, payable in equal annual principal payments, with interest at the rate of 4 percent on the unpaid balance. The maximum amount to be loaned on any new farm-storage facility is 45 cents per bushel of capacity ($30 per ton of cottonseed capacity), provided that such maximum amount does not exceed 80 percent of the cost incurred. Loans are secured by chattel mortgage on the storage facility, real estate mortgage, deed of trust or other security instrument depending upon the type of structure and the amount of the loan. Any past-due payable or pre-payable installment may be deducted and paid out of any amounts due the borrower on any program carried out by the Department of Agriculture.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the purchase of mobile drying equipment. Loans are for a maximum period of three years, payable in equal annual principal payments beginning

on the first anniversary date of disbursement of the loan, with interest at the rate of 4 percent per annum on the unpaid balance. The maximum amount to be loaned on mobile drying equipment is 75 percent of the delivered cost. Loans are secured by chattel mortgages. The Corporation may prepay, or require the borrower to prepay, the amount of any annual installment out of the proceeds from any price support loan or purchase agreement due the borrower within 12 months preceding the date on which the installment falls due. Any past-due installment may be deducted and paid out of any amounts due the borrower on any program conducted by the Department of Agriculture.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly sections 714b and c thereof.

BASIS, 1954 ESTIMATE: It is estimated that the Corporation will offer loans for financing the construction or purchase of an estimated 27 million-bushel capacity farm-storage facilities during the fiscal year 1954. This anticipates a continuing need for farm-storage structures but at a lesser rate because of construction or purchase of 157,000,000 bushel capacity since the inception of this program through fiscal year 1953.

Claims covering guaranteed occupancy agreements are expected to amount to $800,000 in the fiscal year 1954.

The purchase of additional storage structures during fiscal year 1954 is not now anticipated.

COMMODITY EXPORT PROGRAM

Under its Commodity Export Program, the Corporation may export or cause to be exported or aid in the development of export markets for agricultural commodities and products. The purpose of the program is to retain and expand foreign markets for agricultural commodities and products thereof produced in the United States and to aid in the disposal of agricultural commodities and products thereof excess to domestic needs. Operations under the International Wheat Agreement constitute the only export activity under this program at the present time.

CCC WHEAT FLOUR EXPORTS PURSUANT TO THE INTERNATIONAL WHEAT AGREEMENT

SUMMARY OF LATEST OPERATIONS:

Objective: To implement the International Wheat Agreement. The objective of the International Wheat Agreement is to assure supplies of wheat to importing countries and markets for wheat to exporting countries at equitable and stable prices.

Eligibility: Importing countries that have approved the International Wheat Agreement are eligible to purchase wheat and wheat flour equivalent produced in the United States at specified prices. The wheat and wheat flour may be sold by the CCC or by commercial exporters.

Operations: There are two types of activities under this operation:

(1) Sale of wheat acquired under the price support program and wheat and wheat flour acquired under the supply program which the Corporation determines to be eligible for recording against the guaranteed quantities of the United States Government and the importing countries under the International Wheat Agreement. Sales are made at prices not in excess of the maximum equivalent price provided in the International Wheat Agreement. Sales prices may be determined at the time of sale and in advance of the date of shipment. In addition, purchasers are charged for carrying charges and marketing costs as permitted under the International Wheat Agreement.

(2) The Corporation is authorized to make payments to commercial exporters of domestic wheat and wheat flour processed therefrom in the United States pursuant to sales to participating countries which the Commodity Credit Corporation determines are eligible for entering in the records of the Wheat Council as sales against the United States export quota.

The payments will be made on the basis of published announcements of the rate for the date or period of sale. Rates will be determined on the basis of the relationship between current domestic market prices and current prices equivalent to the International Wheat Agreement basic maximum price of $1.80 per bushel for No. 1 Manitoba Northern wheat in bulk at Fort William and Port Arthur. Since the exact cost of operations under the agreement cannot be determined until the end of any fiscal year, the International Wheat Agreement Act of 1949 authorizes the Corporation to use its general borrowing authority to pay current obligations and then request the Congress to provide funds to reimburse the Corporation for any losses incurred under this program. Pending such reimbursement, the Corporation is authorized to establish the net costs of operations under the agreement as an account receivable.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Section 2 of the International Wheat Agreement Act of 1949 (Public Law 421, 81st Congress).

BASIS, 1954 ESTIMATE: The estimates for 1954 under the item "International Wheat Agreement" provide for note cancellation of $171,740,395 for net costs incurred by CCC for 1952 operations under the Agreement.

Administrative Expenses

Administrative expenses cover the costs of the general supervisory and operating staff engaged in carrying out the programs of the Corporation. Estimated costs of the audit of the Corporation's accounts by the General Accounting Office and rental costs for the Corporation's proportionate share of the office space in Government-owned buildings in Washington occupied by personnel of the Production and Marketing Administration are included as administrative expenses. Not included in this category, however, are necessary expenses (including special services performed on a contract or fee basis, but excluding other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest. Such expenses are treated as non-administrative as provided in the language carried annually in the appropriation act making corporate funds available for administrative expenses. The language proposed in the budget for the fiscal year 1954 authorizing expenditures for administrative expenses of the Corporation contemplates that the Corporation will, consistent with its established practice, treat as non-administrative expense all expenses of the types which have been so treated during the 1951, 1952, and 1953 fiscal years. It is also contemplated that administrative expenses will be accounted for on an obligation basis as has been the case in the current and prior years.

Administrative services are performed for the Corporation by the employees of the Production and Marketing Administration, and the Corporation assumes its equitable share of the costs of Production and Marketing Administration personnel and other expenses. In addition, the Corporation utilizes the services of other agencies when it is advantageous to do so. The requested administrative expense authorization does not include any amount for administrative expenses incurred in connection with the supply and foreign purchase program. Under this program, the Corporation procures agricultural commodities for sale to other Government agencies, to foreign governments, to domestic, foreign, or international relief or rehabilitation agencies, and to meet domestic requirements. The production or stockpiling of agricultural commodities under Sections 302 and 303 of the Defense Production Act of 1950 is also carried out under this program. The budget for the fiscal year 1954 contemplates that the Corporation will be fully reimbursed for administrative expenses incurred in connection with this program. Such reimbursements, which are generally obtained through a mark-up on invoices evidencing sales under this program, are credited on the books of the Corporation to an income account which, in turn, is charged with all of the administrative expenses incurred in connection with this program. Balances remaining in the account at the end of any fiscal year are used in succeeding fiscal years to defray administrative expenses incurred in connection with this program, including, of course, the expense of liquidating all phases of this program. The mark-up is established at a rate which is so determined and applied as to provide full

reimbursement on an over-all basis for all administrative expenses in connection with the supply and foreign purchase program and takes into account the fact that with respect to particular commodities, sales, or operations the mark-up may be more or less than the exact administrative expenses incurred. The rate of mark-up is adjusted from time to time as conditions warrant.

ADMINISTRATIVE EXPENSES, COMMODITY CREDIT CORPORATION

Appropriation Act, 1953	$16,500,000
Reduction pursuant to Section 412	-7,890
Adjusted limitation, 1953, and base for 1954	16,492,110
Budget Estimate, 1954	17,850,000
Increase	+1,357,890

SUMMARY OF INCREASES AND DECREASES, 1954

Decrease in connection with liquidation of the subsidy program	-3,000
Increase in contingency reserve	+1,360,890

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 (estimated)
1. Price support program	$14,073,652	$14,948,500	- -	$14,948,500
2. Storage facilities program	1,035,099	1,050,000	- -	1,050,000
3. Commodity export program	1,866	1,500	- -	1,500
4. Subsidy program (in liquidation)	3,318	3,000	(1) -$3,000	- -
Subtotal	15,113,935	16,003,000	-3,000	16,000,000
Contingency reserve or unobligated balance	1,386,065	489,110	(2) +1,360,890	1,850,000
Total available or estimate	16,500,000	16,492,110	+1,357,890	17,850,000
Reduction pursuant to Section 412	- -	+7,890		
Total limitation or estimate	16,500,000	16,500,000		

INCREASES AND DECREASES

The net increase of $1,357,890 in this item for 1954 consists of the following:

(1) <u>A decrease of $3,000 for the subsidy program in liquidation:</u>

It is anticipated that the work of the Corporation in connection with the wartime consumer subsidy operations will be completed during the fiscal year 1953. Therefore, it is estimated that no funds will be required for this program in the fiscal year 1954.

(2) An increase of $1,360,890 in the contingency reserve:

Based on a review of the Corporation's workload just prior to the beginning of the fiscal year 1953 it was determined that $1,500,000 should be placed in a reserve for contingencies. Since this action was taken, large 1952 crops and lowered exports have caused commodity price declines resulting in large 1952 crop price support operations. Based on current estimates of workload, including presently anticipated acquisitions of commodities under price support, it is now estimated that $1,010,890 of the present reserve will be needed during the latter part of the fiscal year 1953, and this amount is included in the $14,948,500 shown above for "Price support program". If later estimates of workload are lower all of these funds will not be used, but if they are higher, it may be necessary to withdraw an additional amount of the authorization from reserve.

It is proposed that a similar reserve of $1,850,000 be established for the fiscal year 1954 for use only in such amounts and at such times as may become necessary to carry out unforeseeable program operations. Such a reserve will provide the administrative flexibility necessary to cope with possible increased workload resulting from unpredictable factors including weather conditions, volume of agricultural production in this country and foreign countries, changes in world and domestic economic conditions and unanticipated administrative problems which may develop subsequent to the preparation of the budget estimates. This reserve will tend to eliminate the need for costly and time consuming supplemental fund requests to the Congress which would otherwise be necessary if the program volume should significantly exceed the budget estimates. The Corporation was compelled to obtain three supplemental authorizations in one of its past years and in five of the past years two such supplementals were necessary. For the ten year period prior to the fiscal year 1952 when a contingency reserve was first provided, supplemental fund requests averaged more than one per fiscal year. Since that time increased costs resulting from increased program volume and pay adjustments have been met from the reserve and supplemental fund requests have not been needed.

This contingency reserve provision constitutes the minimum amount which is to be placed in reserve at the beginning of the fiscal year. The estimated program volume of the Corporation is under continuous review and if the outlook then or at any time during the year indicates a diminution of the program volume additional amounts would be placed in reserve.

FUNCTIONAL BUDGET STATEMENT

Function	1953 Estimated	1954 Estimated
1. Program Formulation and Direction	$1,968,000	$1,968,000
2. Fiscal, Transportation and Warehousing Services	1,059,300	1,023,000
3. Audit, Compliance and Investigation Services....	1,406,700	1,456,700
4. Program Field Operations	10,920,000	10,859,500
Add: Transfers to Cooperating Agencies	649,000	692,800
Contingency Reserve or Unobligated Balance...	489,110	1,850,000
Total available or estimate	16,492,110	17,850,000

Function 1. Program Formulation and Direction

This function includes formulating the programs and program policies; developing the provisions of the various programs; providing for the dissemination of these provisions to producers and segments of industry involved; and determining and facilitating the means for storing, managing and disposing of commodities acquired as a result of price support operation. Such operations are performed by the Board of Directors, the Advisory Board, the Administrator of PMA, who is President of the Commodity Credit Corporation, and the PMA Commodity Branches. This includes continuous economic and analytical and other related work required on announced programs.

The Agricultural Act of 1949, as amended, provides mandatory price support for the six basic commodities -- corn, cotton, wheat, rice, peanuts and tobacco -- and for the designated nonbasic commodities -- wool, mohair, tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Price support for other commodities is discretionary. The level of support for the mandatory commodities and the need for the program as well as the level of support for other commodities must be predicated upon economic factors set forth in the Act. The impact of these programs upon the national economy must be carefully considered. It is necessary to make these analyses not only on those commodities involved in price support programs but also to keep under constant surveillance the whole area of competing and substitute commodities in order to assure that price support operations will not disadvantageously affect the prices and marketing of such competing or substitute commodities. (Actual operations in the field are carried out through the PMA Commodity Offices, PMA State Offices and PMA County Offices. See Function 4.)

Function 2. Fiscal, Transportation and Warehousing Services.

These services include (1) determining overall fiscal, accounting and price policy, (2) determining overall policy for custody, transportation and warehousing, and (3) assisting in the formulation of claims policies and procedures which insure the protection of the interests of the Corporation in the settlement of claims. Included herein is the technical supervision of these functions and the overall maintenance of the books and accounts of the Corporation.

These functions are performed by the Fiscal and Transportation and Warehousing Branches, and, in addition to providing operational data for the everday management and conduct of the business, they enable the Corporation to comply with the multitude of prescribed fiscal, transportation and property accountability laws and regulations.

The decrease in funds for the fiscal year 1954 results primarily from a reduction in printing requirements.

Function 3. Audit, Compliance and Investigation Services

These services determine whether the funds of the Corporation have been properly accounted for and its affairs properly administered; detect fraud or program violations and assist in criminal or civil litigation.

In addition to specific recoveries to the Government resulting from fines, penalties, disallowed claims and collections of loans, this work has resulted in incalculable benefits derived from the factor of deterrence brought about through general knowledge that audits and investigations are being conducted.

As a result of the large number of conversion cases brought to light during the fiscal year 1952 the Corporation has strengthened its audit and compliance activities for the fiscal year 1953. In keeping with this policy and as a result of the estimated large increase in the inventories to be maintained by the Corporation, the estimated costs for these activities will be slightly higher during the fiscal year 1954.

Function 4. Program Field Operations

Programs are carried out in the field primarily through eight Commodity Offices. Their functional operations apply to overall accounting for loans, inventories and costs, and the storage, management and disposition of inventories of all commodities.

The amounts required by the PMA Commodity Offices during the fiscal year 1954 were determined in the same manner as were the operating budgets for these offices during the current fiscal year. The method used during the current year was based upon the "Monthly Work Status Reports". This report reflects the number of documents (freight bills, loading orders, notes, etc.) processed and the man-days required for such processing for each office. The estimated program volume to be handled by each office was translated into the number of documents to be processed during the fiscal year 1953. On the basis of the experience as reflected in the Work Status Report, the man-days required to process these documents were determined. This covered all of the expenses of these offices except funds used for fixed operating costs such as supervisory personnel and other objects of expenditure and these were estimated on the basis of past experience.

The decentralization of loan activities to the county offices was placed into effect for the fiscal year 1953, resulting in lower total costs for commodity office operations. However, a part of this decrease in costs has been offset by an increased supervisory workload in the State offices. The State office operations include the supervision of the county offices and the coordination of commodity office operations with those of the county offices. The County office costs of actually making out CCC loan and purchase agreement papers and making initial inspections of commodities placed under loan are met from fees charged producers who obtain loans and purchase agreements. The PMA County

committees perform other functions for the Commodity Credit Corporation in connection with CCC storage facilities, loans and purchase agreements, and inventory acquisitions, storage and dispositions, and the costs for these services are paid by the county offices from their bank accounts. Refunds are made to the county offices from CCC nonadministrative funds. The total of such refunds is estimated at $12,300,000 for the fiscal year 1953, as compared with $9,473,185 for the fiscal year 1952. Of the total for the fiscal year 1953, $7,501,948 represented the cost of the CCC storage facilities program, as compared with $7,179,307 for this program for the fiscal year 1952. Most of the increase in County office refunds by CCC is due to the large volume of program operations in the fiscal year 1953 as compared with the fiscal year 1952 although part of the increase may be attributed to the decentralization of loan activities.

The amount of funds required for program field operations is directly related to the volume of program operations. Overall program volume estimates are generally higher for the fiscal year 1954 than for the fiscal year 1953. For example, it is estimated that during the fiscal year 1954, grain acquisitions by the Corporation will be approximately 375,000,000 bushels, or about 34% higher than the estimate for fiscal year 1953. This increase results primarily from the anticipated large acquisitions of 1952 corn crop that is estimated to be placed under loan during the fiscal year 1953. Partially offsetting the additional work arising from these large acquisitions is the decrease in grain sales, particularly corn, which is estimated to decrease from 163,895,000 bushels to 75,000,000 bushels.

Cotton loan activities (including American Egyptian) are estimated to increase from 1,500,000 bales for fiscal year 1953 to 2,390,000 bales for fiscal year 1954, which is a 59% increase. Acquisitions are expected to remain at approximately the same level for the two years, but dispositions are estimated to increase from 212,221 bales to 300,000 bales during the fiscal year 1954.

Although the fiscal year 1954 program volume estimates indicate an increase in workload for program field operations, it is anticipated that the cost of these operations during the fiscal year 1954 will be slightly less than for the fiscal year 1953. This anticipation is based in part on procedural improvements recently placed in effect and in part on an assumption that the increased workload will permit a greater rate of productivity per man-hour expended. The attached tables 1 and 2 reflect a comparison of the program volume and resulting costs for the fiscal years 1953 and 1954.

Transfers to Cooperating Agencies

The amount of funds provided in the Appropriation Act for transfers to the Office of the Solicitor for legal work has been relatively constant in recent years. However, during the past four years the activities of the Corporation have created a marked increase in the number of cases in litigation and referrals to the Department of Justice, resulting in the accumulation of large backlogs. It is estimated that an increase in funds for this work will provide for the elimination of these backlogs and enable the Office of the Solicitor to maintain the work of the Corporation on a current basis. A detailed justification of this increase is contained in the Budget submission by the Office of the Solicitor. Partially offsetting this increase is a decrease in funds resulting from the discontinuance of a number of statistical reports dealing with the production and storage of seeds, beans, peas and rice.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

Table 1 - Volume of Commodities
Commodity Credit Corporation Price Support Programs

	All Commodities Except Cotton (Carlots)		Cotton (000's bales)	
	1953	1954	1953	1954
I. NOTE SERVICING				
A. Direct Loans	52,489	33,666	386	620
B. Indirect Loans Made	464,777	373,232	1,114	1,770
C. Indirect Loans Purchased	286,130	223,942	669	630
II. NOTE LIQUIDATION				
A. Loans Repaid				
1. Direct Loans	107,136	128,137	290	393
2. Indirect Loans	61,540	118,535	843	1,327
B. Loans Forfeited				
1. Warehouse Stored	118,298	134,985	235	300
2. Farm Stored	57,335	65,778	-	-
III. INVENTORY MANAGEMENT				
A. On hand beginning of F.Y. ...	292,018	314,130	3	100
B. Additions:				
1. Purchases	28,713	24,889	-	-
2. Purchase Agreement Deliveries	7,874	10,909	-	-
3. Forfeiture of Loan Collateral	175,633	200,763	235	300
4. Exchanges	9,577	10,000	-	-
5. Transfers	21,500	17,600	19	48
TOTAL ADDITIONS	243,297	264,161	319	348
C. Dispositions:				
1. Sales	190,108	114,019	203	300
2. Exchanges	9,577	10,000	-	-
3. Transfers	21,500	17,600	19	48
TOTAL DISPOSITIONS ...	221,185	141,619	222	348
D. On hand end of fiscal year ..	314,130	436,672	100	100
IV. RECONCENTRATIONS	75,000	100,400	327	900

PMA/OB
12/3/52

U. S. DEPARTMENT OF AGRICULTURE
PRODUCTION AND MARKETING ADMINISTRATION

BASIS FOR PROGRAM FIELD OPERATIONS, ADMINISTRATIVE EXPENSES, COMMODITY CREDIT CORPORATION, FISCAL YEARS 1953 AND 1954

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	Production Rate Per Man-Year	Fiscal Year 1953 Number of Units to be Processed	Fiscal Year 1953 Man-Years Required		Fiscal Year 1954 Number of Units to be Processed	Fiscal Year 1954 Man-Years Required
	DIRECT LABOR							
	PROGRAM ACTIVITIES							
	I. INVENTORY MANAGEMENT							
	A. Storage and Maintenance							
	1. Commercial							
01	a. Storage Contract Negotiations	Contract Documents	339	18,831	55.5		18,831	55.5
02	b. Space Allocation	X X X X	xxxxx	xxxxx	7.3		xxxxx	7.3
03	c. Inspection (1) By Commodity Office	Examination	235	14,474	61.6		14,474	61.6
04	(2) By Com. Insp. Office	Inspection Request	2,480	32,506	13.1		32,506	13.1
05	d. Payment of Charges (1) Prov.,Adv.or Part.Pt.	Payment	3,967	8,982	2.3		8,982	2.3
06	(2) Periodic Payments (a) Bulk Commodities	Invoice	783	29,017	37.1		29,017	37.1
07	(b) Other Commodities	Invoice	992	9,128	9.2		9,128	9.2
08	(3) Loading Order Setlm.	Loading Order	209	26,548	127.0		27,691	132.5
09	(4) Other Services	Invoice	1,670	32,012	19.2		33,583	20.1
10	2. CCC-Owned Facilities a. Bin Purchases	Invoice	365	9	-		9	-
11	b. Bin Install.,Equip., & Maintenance	Expenditure Document	2,923	6,057	2.1		6,057	2.1
12	B. Movements and Transfers 1. Delivery Instructions a. Loading Orders	Loading Order	418	26,548	63.5		37,265	89.2
13	b. Notices to Deliver	Notice to Deliver	522	31,607	60.5		29,775	57.0
14	2. Deliveries a. Bills of Lading or Delivery Rect. (1) Bulk Commodities	B/L or Del. Rect.	4,150	177,060	42.7		192,700	46.4
15	(2) Other Commodities	B/L or Del. Rect.	1,592	33,076	20.8		37,800	23.7
16	b. Whse. & Bin Acq. & Disp. Rpts.	Transaction or Rpt. Item	11,588	281,640	24.3		287,950	24.8
17	3. Freight Payments	Freight Bill	2,975	192,304	64.6		206,135	69.3
18	4. Commodity Transit Adj.	Difference Card	5,116	81,280	15.9		84,768	16.6
19	C. Commodity Stocks on Hand 1. Commercial Storage a. Non-Negotiable Whse. Rects.	Warehouse Receipt	xxxxx	xxxxx	.9		xxxxx	.9
20	b. Negotiable Whse. Rects.	Warehouse Receipt	xxxxx	xxxxx	2.9		xxxxx	2.9
21	2. CCC Storage	X X X X	xxxxx	xxxxx	8.4		xxxxx	8.4
	II. MERCHANDISING ACTIVITIES							
22	A. Purchase Activities 1. Negotiation	Offer and/or Bid	418	1,773	4.2		1,615	3.9
23	2. Payment	Vendor Invoice	653	6,277	9.6		5,720	8.8
24	B. Sales and Other Dispositions 1. Negotiation	Offer and/or Bid	2,975	105,687	35.5		66,155	22.2
25	2. Billing	Contract	653	33,427	51.1		23,079	35.3
	III. PRODUCER TRANSACTIONS							
26	A. Note Servicing 1. Direct Loans	Note	10,544	42,409	4.0		31,945	3.0
27	2. Indirect Loans a. Recording	Note Copy	22,263	139,812	6.3		120,688	5.4
28	b. Safekeep. & prerecord. of collateral	Note						
29	c. Purchases from Lending Agencies	Note	11,275	78,508	7.0		61,631	5.5
30	3. Resealments	Reseal Form						
31	B. Note Liquidation 1. Returned for Redemption	Collection Letter	5,090	1,237	.2		968	.2
32	2. Recalled from Safekeeping	Note						
33	3. By Repayment	Cash Item per Note	10,205	74,831	7.3		107,646	10.5
34	4. By Forfeiture a. Warehouse Stored	Note	33,996	377,755	11.1		446,967	13.1
35	b. Farm Stored	CL-7	3,263	91,736	28.1		105,244	32.2
36	5. Producer's Equity Payments	Loan Examined	7,961	31,131	3.9		71,044	8.9
37	C. Purchase Agreement Deliveries	CP-4	8,091	15,748	1.9		21,818	2.7
	IV. OTHER PROGRAM ACTIVITIES							
38	A. Payments 1. Commodity Export Program	Invoice						
39	2. International Wheat Agreement	Invoice						
40	3. Payments to Schools	FP-6						
41	4. Section 32 Diver. & Export	Invoice						
42	B. Claims, by and Against FMA	Claim document	653	46,159	70.7		64,601	98.9
43	C. Internal Post-Audit of Pmts. to Carriers	Paid Freight Bill	28,658	151,231	5.3		157,708	5.5

U.S. DEPARTMENT OF AGRICULTURE
PRODUCTION AND MARKETING ADMINISTRATION

BASIS FOR PROGRAM FIELD OPERATIONS, ADMINISTRATIVE EXPENSES, COMMODITY CREDIT CORPORATION, FISCAL YEARS 1953 AND 1954
(Continued)

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	Production Rate Per Man-Year	Fiscal Year 1953 Number of Units to be Processed	Fiscal Year 1953 Man-Years Required		Fiscal Year 1954 Number of Units to be Processed	Fiscal Year 1954 Man-Years Required
44	V. PROGRAM ACCOUNTING ACTIVITIES A. Document Control	Block	5,533	329,019	59.5		310,193	56.1
45	B. Machine Operations	X X X X			136.0			128.2
46	C. Account Maintenance 1. Ledger Posting	X X X X			40.7			40.7
47	2. Maintenance of Commodity Cost Records	X X X X			7.3			7.3
48	3. Cash Receipt	Cash Item	20,880	319,621	15.3		348,513	16.7
49	4. Reconciliation	X X X X			44.0			44.0
50	VI. PROGRAM REPORTING A. Regular Reports	Report	731	16,170	22.1		16,170	22.1
51	B. Special Reports	Report	287	1,594	5.6		1,594	5.6
52	VII. RECONCENTRATION ORDER SETTLE.	Invoice	2,714	10,583	3.9		39,581	14.6
	TOTAL PROGRAM ACTIVITIES	X X X X			1,219.5			1,271.4
60	ADMINISTRATIVE ACTIVITIES I. PERSONNEL WORK	X X X X			7.5			7.5
61	II. ADMINISTRATIVE ACCOUNTING	X X X X			49.1			49.1
62	III. BUDGET, ORGANIZATION & PROCEDURE	X X X X			33.6			33.6
63	IV MAIL AND MESSENGER	Pieces of Mail			35.5			35.5
64	V. OTHER ADMINISTRATIVE ACTIVITIES	X X X X			78.8			78.8
65	VI. ADMINISTRATIVE REPORTING	Report			14.0			14.0
	TOTAL ADMINISTRATIVE ACTIVITIES	X X X X			218.5			218.5
	TOTAL, ALL DIRECT LABOR less leave	X X X X			1,438.0			1,489.9
	Leave, Direct Labor				208.5			216.0
	Total, Direct Labor				1,646.5			1,705.9
	Indirect Labor				244.2			249.2
	Total, All Labor				1,890.7			1,955.1
				Cost			Cost	
	Average Salary			$3,935			$3,935	
	Total Labor Cost			$7,439,900	1,890.7		$7,693,300	1,955.1
	Objects 02-15			1,145,200	-		1,193,600	-
	Total, Commodity Office Operations			$8,585,100	1,890.7		$8,886,900	1,955.1
	Less: Savings resulting from anticipation of higher productivity rates			-	-		-362,273	-76.9
	Net, Commodity Office Operations			$8,585,100	1,890.7		$8,524,627	1,878.2
	State Office Operations			1,711,109	303.1		1,711,609	303.1
	General Services			623,857	87.1		623,560	87.1
	Total Program Field Operations			$10,920,066	2,280.9		$10,859,796	2,268.4

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackers):

Commodity Credit Corporation: Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law: Provided, That not to exceed [$16,500,000] $17,850,000 shall be available for administrative expenses of the Corporation:
1 Provided further, That $1,850,000 of this authorization shall be placed in reserve to be apportioned pursuant to Section 3679 of the Revised Statutes, as amended, for use only in such amounts and at such times as may become necessary to carry out unanticipated program operations: Provided furhter, That all necessary expenses (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative
2 expenses for the purposes hereof: Provided further, That the Secretary of the Treasury is hereby authorized and directed to discharge indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by cancelling notes issued by the Corporation to the Secretary of the Treasury in the amount of the capital impairment determined by the appraisal of June 30, 1952 (but not to exceed $110,000,000), pursuant to sections 1 and 4 of the Act of March 8, 1938, as amended (15 U.S.C. 713a-1,4).

The first change in the language would establish a reserve to provide the administrative flexibility necessary to cope with increased workload resulting from unpredictable factors, including weather conditions, volume of agricultural production in this country and in foreign countries, changes in world and domestic economic conditions which may develop subsequent to the preparation of the budget estimates. It would also greatly reduce the requests to the Congress for supplemental funds which have been necessary many times in the past due to changing and unforeseen conditions.

The second change in language provides for the restoration of the capital impairment of the Commodity Credit Corporation as determined by the appraisal of June 30, 1952 by the cancellation of notes for such purposes.

[Restoration of Capital Impairment, Commodity Credit Corporation]

[To enable the Secretary of the Treasury to restore the capital impairment of the Commodity Credit Corporation determined by the appraisal of June 30, 1951, pursuant to section 1 of the Act of March 8, 1938, as amended (15 U.S.C 713a-1), $109,391,154.]

The entire language is proposed for deletion since provision is made in the estimates for restoration of the capital impairment of CCC by cancellation of notes under the heading "Administrative expenses, Commodity Credit Corporation".

FEDERAL FARM MORTGAGE CORPORATION

Purpose Statement

The Federal Farm Mortgage Corporation (wholly Government-owned) was created by the Federal Farm Mortgage Corporation Act approved January 31, 1934, (12 U.S.C. 1020 et seq.) with the following authorities: finance Land Bank Commissioner loans, purchase Federal lank bank bonds, make secured loans to Federal land banks, exchange its bonds for Federal land bank bonds, and obtain necessary funds through sale of its own bonds. The authority to finance Land Bank Commissioner loans is now exercised only in the liquidation and collection of existing Commissioner loans, authority to make new Commissioner loans having expired July 1, 1947. To carry out the aforementioned authorities the Corporation was capitalized at $200,000,000 subscribed for by the Governor of the Farm Credit Administration on behalf of the United States Treasury and given authority to issue and have bonds outstanding at any one time in an aggregate amount not to exceed $2,000,000,000.

Since July 1, 1947, the Corporation's primary function has been that of liquidating its assets. This has resulted in the transfer to the Treasury surplus fund of $199,990,000 capital, and the payment of dividends into the General Fund of $113,000,000 as of June 30, 1952. The Corporation has no unmatured outstanding bonds and its borrowing authority has been reduced to $500,000,000.

The Corporation has no employees. The services and facilities of Farm Credit Administration and the Federal land banks are utilized in carrying out the functions of the Corporation.

	Limitation, 1953	Revised Budget Estimate, 1954
Administrative expense limitation	$950,000	~~$800,000~~ $750,000

Administrative Expenses

Appropriation Act, 1953, and base for 1954	$950,000
Revised Budget Estimate, 1954	750,000
Decrease (reduction in payments to the Federal land banks for servicing the Corporation's assets)	-200,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Decrease	1954 Revised (estimated)
1. Payment for administrative services:				
Federal land banks .	$987,133	$945,900	-$200,000(1)	$745,900
Treasury of the United States	-200	600	- -	600
Federal Reserve Banks	498	500	- -	500
General Accounting Office audit expense	2,377	3,000	- -	3,000
Miscellaneous	2	- -	- -	- -
Subtotal	989,810	950,000	-200,000	750,000
Unobligated balance	110,190	- -	- -	- -
Total limitation or estimate	1,100,000	950,000	-200,000	750,000

DECREASE

(1) A decrease of $200,000 in payments to the Federal land banks for servicing the Corporation's assets.

The Federal land banks perform the Corporation's credit functions on a reimbursable basis. Since the Land Bank Commissioner's lending authority expired July 1, 1947, this work has involved only the servicing of loans and other assets. The Corporation negotiates contracts covering the servicing of its assets with the 12 banks and pays them at the contract unit rate for assets serviced during the year. Maximum payments under the 1954 contracts are estimated at $745,900 ($200,000 less than 1953). This estimate is based upon the estimates of the 12 Federal land banks and the judgment of the Corporation's officers.

Administrative Expenses

Appropriation Act, 1953, and base for 1954	$950,000
Budget Estimate, 1954	800,000
Decrease (reduction in payments to the Federal land banks for servicing the Corporation's assets)	-150,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Decrease	1954 (estimated)
1. Payment for administrative services:				
Federal land banks	$987,133	$945,900	-$150,000(1)	$795,900
Treasury of the United States	-200	600	- -	600
Federal Reserve Banks	498	500	- -	500
General Accounting Office audit expense	2,377	3,000	- -	3,000
Miscellaneous	2	- -	- -	- -
Subtotal	989,810	950,000	950,000	800,000
Unobligated balance	110,190	- -	- -	- -
Total limitation or estimate	1,100,000	950,000	-150,000	800,000

DECREASE

(1) A decrease of $150,000 in payments to the Federal land banks for servicing the Corporation's assets.

The Federal land banks perform the Corporation's credit functions on a reimbursable basis. Since the Land Bank Commissioner's lending authority expired July 1, 1947, this work has involved only the servicing of loans and other assets. The Corporation negotiates contracts covering the servicing of its assets with the 12 banks and pays them at the contract unit rate for assets serviced during the year. Maximum payments under the 1954 contracts are estimated at $795,900 ($150,000 less than 1953). This estimate is based upon the estimates of the 12 Federal land banks and the judgment of the Corporation's officers.

STATUS OF PROGRAM

Creation and Purpose. -- The Corporation was created by the Federal Farm Mortgage Corporation Act (12 U.S.C. 1020 et seq.) with the following authorities: finance Land Bank Commissioner loans, purchase Federal land bank bonds, make secured loans to Federal land banks, exchange its bonds for Federal land bank bonds, and obtain necessary funds through sale of its own bonds. Since July 1, 1947, the Corporation's primary function has been liquidating its assets.

Organization and Management. -- The Corporation's board of directors, consists of the Secretary of the Treasury or an officer of the United States Treasury designated by him, the Governor of the Farm Credit Administration, and the Land Bank Commissioner. The Corporation utilizes the services and facilities of Farm Credit Administration and the Federal land banks, to carry out its corporate functions.

Funds:

1. Capital Stock. -- The Federal Farm Mortgage Corporation Act (12 U.S.C. 1020b) provided for $200,000,000 of capital stock. Under subsequent enactments, the Corporation has transferred to the surplus fund of the Treasury $199,990,000, leaving $10,000 outstanding capital stock.

2. Retained Earnings. -- The Corporation had unreserved retained earnings of $28,870,934 and a reserve for contingencies of $1,500,000 at the end of fiscal year 1952. The Corporation has declared and paid into the general fund of the Treasury dividends of $118,000,000 as of Dec. 31, 1952. Further payments will be made as the Corporation's realizations from liquidations permit.

3. Financing Program. -- During its period of operation the Corporation utilized all of its authorized capital stock of $200,000,000 and borrowed approximately $3,000,000,000 through the issuance of bonds. The Corporation has authority to issue and have outstanding bonds which are fully and unconditionally guaranteed by the United States in an aggregate amount not to exceed $500,000,000; no unmatured bonds were outstanding at June 30, 1952.

Type and Result of Operations:

1. Lending Program. -- The Corporation's authority to make new Commissioner loans expired July 1, 1947. In its operations 679,803 mortgage loans have been made in the amount of $1,217,925,322; credit has also been extended to farmers in the form of purchase money mortgages and sales contracts. At June 30, 1952, $29,348,037 in assets remained to be liquidated; this consists of 37,701 mortgage loans amounting to $27,459,622, and $1,888,415 of purchase money mortgages, sales contracts, other loans receivable, and real estate. Loan repayment during the fiscal year 1952 were $10,422,705; the estimates for 1953 and 1954 are $7,349,000 and $5,572,000.

2. Sale of Assets to Federal Land Banks. -- The Federal land banks are empowered under the act of June 30, 1945, to purchase mortgages and sales contracts from the Corporation. As of June 30, 1952, the banks had purchased 1,061 loans and purchase money mortgages amounting to $946,830.

3. Operating Results. -- Operations in 1952 resulted in a net budgetary receipt of $12,280,937, net budgetary receipts of $8,245,000 are estimated for 1953 and $6,042,100 for 1954.

4. Disposal of Mineral Interests. -- Mineral interests held by the Corporation are being sold pursuant to Public Law 760, 81st Congress. The Corporation utilizes the services and facilities of Farm Credit Administration and Federal land banks for such sales; reimbursements to them for such services and incidental costs are treated as non-administrative expenditures.

Summary of Operations. -- The actual operations for the fiscal year 1952 and estimated for 1953 and 1954 are summarized in the following table:-

	1952 actual	1953 estimate	1954 estimate
Funds Applied			
Loans to farmers	$100,389	$100,000	$ 75,000
Acquisition and improvement of property (collateral)	48,984	44,700	20,000
Administrative expenses	989,810	950,000	800,000
Operating expenses	115,404	105,200	102,300
Payment of matured bonds	115,200	71,100	50,000
Dividend to U. S. Treasury	14,000,000	7,000,000	.....
Increase in Treasury cash	.....	1,173,900	5,992,100
Total	15,369,787	9,444,900	7,039,400
Funds Provided			
Collection of loans	10,442,705	7,349,000	5,572,000
Sale of property	1,226,740	760,000	467,000
Income	1,723,607	1,283,100	965,100
Decrease in working capital	142,472	52,800	35,300
Decrease in Treasury cash	1,834,263	.....	.....
Total	15,369,787	9,444,900	7,039,400

Progress in liquidation of assets is given in the table on the next page.

FEDERAL FARM MORTGAGE CORPORATION

Progress in Liquidation of Selected Assets by FFMC During Fiscal Year 1952

	Balances		Decrease or Increase (+)	
	June 30, 1951	June 30, 1952	Amount	Percent
Mortgage loans:				
First mortgage loans	$15,501,101	$11,672,647	$3,828,454	24.7
Second mortgage loans	21,646,099	15,786,975	5,859,124	27.1
Purchase money mortgages, contracts, etc. (net)	2,440,806	1,801,142	639,664	26.2
Past due interest, extensions, and other amounts due from borrowers	166,218	113,002	53,216	32.0
Accrued interest receivable on mortgage loans, purchase money mortgages, contracts, etc.	730,324	544,247	186,077	25.5
Total	40,484,548	29,918,013	10,566,535	26.1
Less reserve	4,872,118		4,872,118	100.0
Net	35,612,430	29,918,013	5,694,417	16.0
Real estate owned:				
Not subject to prior liens	45,699	27,376	18,323	40.1
Subject to prior liens	6,613	4,183	2,430	36.7
Loans called for foreclosure, judgments, etc.	58,911	1/ 47,294	11,617	19.7
Total	111,223	78,853	32,370	29.1
Less reserve	43,153		43,153	100.0
Net	68,070	78,853	+10,783	+15.8
Grand total	35,680,500	29,996,866	5,683,634	15.9

1/ Includes loans in suspense in the amount $93.

FEDERAL INTERMEDIATE CREDIT BANKS

Purpose Statement

The Federal intermediate credit banks were created by the Agricultural Credits Act of 1923 (12 U.S.C. 1021, 1022). They serve as banks of discount for agriculture and do not make loans directly to individuals or accept deposits of funds other than as collateral security. The banks discount agricultural and livestock paper for local financing institutions such as production credit associations, agricultural credit corporations, livestock loan companies, and commercial banks, and make loans to them on the security of such paper. Their lending operations are financed primarily by the sale of consolidated collateral trust debentures. The Government assumes no liability for the debentures and other obligations of the Federal intermediate credit banks, either as to principal or interest.

Each bank operates under the direction of a district Farm Credit board. They are supervised by the Intermediate Credit Commissioner who is responsible to the Governor of the Farm Credit Administration. Operating expenses, including interest costs, are paid from the income of the banks.

The Government's capital investment in the banks at June 30, 1952, was $65,825,000, consisting of $5,000,000 capital for each of the 12 banks, and $5,825,000 of paid-in surplus supplied to six of the banks since May 1951 out of the $40,000,000 revolving fund available for such purpose (12 U.S.C. 1131i(e)).

On November 30, 1952, the 12 banks had a total of 285 employees, all in the field.

	Limitation, 1953	Revised Budget Estimate, 1954
Administrative expense limitation	$1,690,000	~~$1,745,000~~ $1,710,000

Administrative Expenses

Appropriation Act, 1953, and base for 1954	$1,690,000
Revised Budget Estimate, 1954	1,710,000
Increase (to provide for more comprehensive credit analyses of loan and discount offerings and to meet other essential expenses)	+20,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 Revised (estimated)
1. Discounting agricultural paper for, and making loans to, production credit associations, agricultural credit corporations, commercial banks, banks for cooperatives, and other financing institutions	$1,511,889	$1,690,000	+$20,000(1)	$1,710,000
Unobligated balance	37,867	- -	- -	- -
Total limitation or estimate	1,549,756	1,690,000	+20,000	1,710,000

INCREASE

(1) The increase of $20,000 for more intensive analysis of loans offered for discount, which are expected to be large in volume and to present difficult credit problems by reason of adverse conditions affecting agriculture during the past year.

Credit extended by the banks amounted to $1,923,697,000 in 1951 and $2,077,272,000 in 1952; and is expected to reach $2,322,751,000 in 1953 and $2,497,882,000 in 1954. Increasingly difficult credit problems are being encountered by the banks as a result of crop failures in some areas, unfavorable feed conditions in much of the livestock area, losses suffered by producers in their 1951-52 feeding operations, and lower prices for many commodities in the face of continuing high operating costs. An increasing proportion of the paper now reaching the banks reflects the effects of these conditions.

The intermediate credit banks obtain their loanable funds principally from the sale of debentures, for the payment of which the U. S. Government assumes no liability. The liability of the banks to finance the volume of business in prospect at reasonable interest rates is contingent largely upon the soundness of their loans and discounts which constitute the principal collateral security for their debentures. To protect the interests of investors in their debentures and safeguard the Government's capital in the banks, it is essential that they analyze loan and discount offerings carefully and devote more time to servicing outstanding loans and discounts, so that losses may be avoided or held to a minimum without denying credit to those whose financial position and repayment ability warrant such credit.

Administrative Expenses

Appropriation Act, 1953, and base for 1954	$1,690,000
Budget Estimate, 1954	1,745,000
Increase (to provide for more comprehensive credit analyses of loan and discount offerings and to meet other essential expenses)	+55,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 (estimated)
1. Discounting agricultural paper for, and making loans to, production credit associations, agricultural credit corporations, commercial banks, banks for cooperatives, and other financing institutions	$1,511,889	$1,690,000	$55,000(1)	$1,745,000
Unobligated balance	37,867	- -	- -	- -
Total limitation or estimate	1,549,756	1,690,000	+55,000	1,745,000

INCREASE

(1) The increase of $55,000 for more intensive analysis of loans offered for discount, which are expected to be large in volume and to present difficult credit problems by reason of adverse conditions affecting agriculture during the past year.

Credit extended by the banks amounted to $1,923,697,000 in 1951 and $2,077,272,000 in 1952; and is expected to reach $2,322,751,000 in 1953 and $2,497,882,000 in 1954. Increasingly difficult credit problems are being encountered by the banks as a result of crop failures in some areas, areas, unfavorable feed conditions in much of the livestock area, losses suffered by producers in their 1951-52 feeding operations, and lower princes for many commodities in the face of continuing high operating costs. An increasing proportion of the paper now reaching the banks reflects the effects of these conditions.

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STATUS OF PROGRAM

Creation and Purpose. -- The Federal intermediate credit banks were created by the Agricultural Credits Act of 1923 (12 U.S.C. 1021, 1022). They serve as banks of discount for agriculture and do not make loans directly to individuals or accept deposits of funds other than as collateral security. The banks discount agricultural and livestock paper for local financing institutions such as production credit associations, agricultural credit corporations, livestock loan companies, and commercial banks, and make loans to them on the security of such paper. Their lending operations are financed primarily by the sale of consolidated collateral trust debentures. The Government assumes no liability for the debentures and other obligations of the Federal intermediate credit banks, either as to principal or interest.

Management and Supervision. -- Each bank operates under its own corporate management and under the direction of a board of directors, composed of the members of the district Farm Credit Board, who are, ex officio, the directors of the four permanent credit units of each Farm Credit district. The operations of the banks are supervised by the Intermediate Credit Commissioner, who is responsible to the Governor of the Farm Credit Administration.

Source of Funds:

1. Capital Funds. -- The Government's capital investment in the banks at June 30, 1952, was $65,825,000, consisting of $5,000,000 of capital for each of the 12 banks (12 U.S.C. 1061), and a total of $5,825,000 of paid-in surplus supplied to six of the banks out of the $40,000,000 revolving fund (12 U.S.C. 1131i(e)). In view of the growing volume of business, it is anticipated that several of the banks will require a total of $3,425,000 of additional capital or paid-in surplus in the fiscal year 1953 and $1,450,000 in 1954 to enable them to meet the credit needs of eligible borrowers within the 10 to 1 maximum debt-to-capital ratio permitted by law. (A total of $1,550,000 was paid in to two of the banks during the first quarter of the fiscal year 1953).

2. Unreserved Surplus. -- The net income of the banks from organization to June 30, 1952, after payment of all expenses and other costs, and losses charged-off, amounted to $51,112,675. Of this amount, $8,598,006 has been paid to the Treasury in franchise taxes and $14,310,000 has been transferred to the reserves for contingencies, leaving $28,204,669 as unreserved surplus.

3. Borrowings. -- The banks finance their lending activities primarily through the issuance and sale to the investing public of consolidated collateral trust debentures and by direct borrowings from commercial banks (12 U.S.C. 1041 et seq.), rather than through the use of appropriated funds. The banks are authorized also to rediscount eligible paper with the Federal Reserve banks; however, these facilities have not been used for a number of years. The aggregate amount of debentures and other similar obligations which may be outstanding on behalf of any bank may not exceed 10 times its surplus and paid-in capital (12 U.S.C. 1041). During the fiscal year 1952, the peak ratio of

such obligations to capital and surplus ranged among the banks from 5.0-to-1 to 9.7-to-1, and was 7.9-to-1 for the system as a whole, which is the highest ratio in the history of the banks.

(a) Debentures. -- Debentures are required to be secured by the assignment and deposit with Farm Loan Registrars of cash, notes, and other obligations representing loans and discounts, and United States securities, at least equal in amount to the amount of debentures outstanding. The United States Government assumes no liability for the debentures of the Federal intermediate credit banks and that fact is required to be set forth on the face of their debentures (12 U.S.C. 1043). The total amount of unmatured debentures outstanding at June 30, 1952, was $847,600,000.

(b) Notes Payable. -- When unexpected demands arise between monthly debenture sale dates, short-term loans are obtained from commercial banks on notes payable. The banks had $9,800,000 such obligations outstanding at June 30, 1952.

Lending Operations:

1. Types of Credit. -- The Federal intermediate credit banks are agricultural banks of discount and do not make loans directly to individuals. They discount agricultural and livestock paper for, and make loans to, financing institutions and farmers' cooperative associations to finance the seasonal production and marketing needs of farmers and stockmen. Maturities of loans and discounts cover one production and marketing season, usually one year or less, and under the law may not exceed 3 years.

2. Eligible Borrowers. -- Eligible borrowing and rediscounting institutions include production credit associations, national and state banks, agricultural credit corporations, and livestock loan companies. The banks are authorized also to make certain classes of loans and advances directly to farmers' cooperative marketing and purchasing associations. Since the passage of the Farm Credit Act in 1935, however, loans to cooperatives ordinarily are made by the banks for cooperatives, which rediscount some of their loans with the credit banks or use them as security for direct loans from the credit banks.

3. Volume of Business. -- As banks of discount, the Federal intermediate credit banks do not initiate lending programs or promote a demand for services. It is the function of the banks, expressly authorized and clearly defined in the Act, to finance eligible and acceptable paper in whatever volume may be offered by institutions qualified to receive credit from the banks. The volume of business thus is governed primarily by the demand for credit, which in turn, is a reflection of general agricultural and economic conditions, the volume of production needed, the level of production costs, crop and livestock yields, prices of agricultural commodities, and other factors over which the banks have no control. At June 30, 1952, outstanding loans and discounts totaled $903,310,831, and consisted of $767,179,791 of credit to production credit associations, $98,523,276 to other agricultural

credit corporations and commercial banks, and $37,607,764 to banks for cooperatives.

Operating Data:

1. Lending Activities. -- The volume of credit to be granted during 1954 is estimated at $2,497,882,000, an increase of $420,610,000 or 20 percent over the 1952 volume. The actual volume may vary substantially from the amount estimated, since the demand for credit is governed largely by conditions over which the banks have no control. The $2,077,272,000 of credit extended in 1952 was the largest in the history of the banks and 8 percent more than in 1951. Among factors contributing to the current trend in loan volume are continued high production costs, large acreages of cotton and other crops and expansion in livestock production and pasture improvements, to provide the increased volume of food and fiber required for national defense, and an increasing number of loans to new borrowers offered to the banks. With production costs near their all-time peak, farmers require larger sums of money to operate a plant of a given size or to produce a stated quantity of commodities than were needed when costs were at lower levels.

2. Financing Activities. -- To finance lending operations during 1954 the credit banks expect to issue consolidated debentures and borrow from commercial banks for short periods a total of $1,566,190,000 or $339,180,000 more than in 1952.

3. Gross Income. -- The principal income of the banks is derived from interest earned on loans and discounts and income from investments in United States securities. Gross income from loans and discounts is estimated at $24,221,000 for 1954 compared with $19,721,408 earned in 1952. On December 1, 1952, the loan and discount rate was 2 5/8 percent per annum in 4 banks, and 2 3/4 percent in the other 8 banks. Income from United States securities owned by the banks is estimated at $1,214,000 for 1954 compared with $1,150,250 in 1952.

4. Expenses. -- The principal expenses of the banks consist of interest on outstanding debentures and other borrowings, administrative expenses, and payments to Farm Credit Administration for supervision and facilities furnished and examination (audit). All expenses of the banks are paid out of their income and not from funds appropriated from the United States Treasury. The budgets of the banks, and expenditures of funds thereunder, are authorized by the boards of directors of the several banks who are responsible for the conduct of the business of the banks. Interest and other costs on borrowed money are estimated at $19,748,500 for 1954 compared with costs of $16,945,254 in 1952. The average rate of cost on debentures outstanding in 1952 was 2.23 percent per annum. Interest costs are estimated by the banks at 2.25 percent for 1954 for budget purposes but are subject to change as prevailing short-term rates fluctuate in the investment markets.

5. Net Income. -- Net income of the banks for 1954 is estimated at $3,631,500 compared with $2,376,200 earned in 1952. Out of the estimated net income for 1954 the banks expect to transfer $1,775,000 to the reserves for contingencies, pay franchise taxes of $464,100 to the United States Treasury, and transfer the remaining $1,392,400 to unreserved surplus.

Summary of Operations: -- Actual operations for the fiscal year 1952 and estimated operations for 1953 and 1954, which are set forth in greater detail in the printed budget, are summarized in the following table:

	1952 Actual	1953 Estimate	1954 Estimate
Funds Applied			
Loans and discounts made	$2,077,272,277	$2,322,751,000	$2,497,882,000
Interest and other costs on borrowed money	16,945,254	18,564,000	19,748,500
Administrative expenses	1,511,889	1,690,000	1,745,000
Other operating expenses	375,384	367,400	367,500
Franchise tax payment to U. S. Treasury	285,300	484,100	464,100
Excess of par value over proceeds from sales of U. S. securities	7,643	.....	.....
Increase in working capital	.....	9,345,452	636,300
Retirement of debentures and notes	1,122,470,000	1,364,650,000	1,512,675,000
Increase in U. S. securities held	2,575,000	.....	.....
Increase in Treasury cash	1,010,845	.....	.....
Total	3,222,453,592	3,717,851,952	4,033,518,400
Funds Provided			
Collection of loans and discounts	1,968,594,605	2,251,129,000	2,440,353,000
Income (interest and other)	21,167,126	24,123,100	25,456,100
Discount on securities purchased	114,378	67,700	69,300
Decrease in working capital	892,483	.....	.....
Borrowings (debentures and notes)	1,227,010,000	1,438,090,000	1,566,190,000
Surplus subscription from U. S. Treasury	4,675,000	3,425,000	1,450,000
Decrease in Treasury cash	.....	1,017,152	.....
Total	3,222,453,592	3,717,851,952	4,033,518,400

Selected comparative data on the operations of the credit banks:

	June 30, 1950	June 30, 1951	June 30, 1952
Loans and discounts outstanding	$ 591,189,290	$ 794,633,159	$ 903,310,831
Loans and discounts made during year ended (includes renewals)	1,519,628,273	1,923,696,741	2,077,272,277
Unmatured debentures outstanding	543,925,000	742,570,000	847,600,000
Debentures issued during year	727,055,000	903,610,000	1,152,110,000
Franchise tax payable	393,660	299,525	285,300
Capital stock (owned by U. S. Government)	60,000,000	60,000,000	60,000,000
Surplus paid in		1,150,000	5,825,000
Reserve for contingencies	12,050,000	13,075,000	14,310,000
Unreserved surplus	26,450,196	27,348,769	28,204,669

FEDERAL INTERMEDIATE CREDIT BANKS
REVOLVING FUND

This schedule (page 480) reflects funds available for investment in capital stock and paid-in surplus of the Federal intermediate credit banks (12 U.S.C. 1131 i (e)). The Budget schedule reflects obligations incurred of $4,675,000, $3,425,000 and $1,450,000 for fiscal years 1952, 1953 and 1954, respectively.

PRODUCTION CREDIT CORPORATIONS

Purpose Statement

The production credit corporations, one in each of the 12 Farm Credit districts, were established pursuant to the Farm Credit Act of 1933 (12 U.S.C. 1131 et seq.) to organize, provide supplemental capital to, and supervise production credit associations. The latter are local cooperative associations, 499 in number, providing a permanent source of short-term production credit to farmers and stockmen throughout the United States and Puerto Rico.

A revolving fund of $120,000,000 was established in the United States Treasury in 1933 for the capitalization of the production credit corporations (12 U.S.C. 1131b, 1131i). This was reduced to $90,000,000 in 1949 (P.L. 860 - 80th Congress) and with successive payments into the revolving fund starting voluntarily in 1944 only $36,235,000 remained as paid-in capital at June 30, 1952. Most of the original capital of the production credit associations was furnished by the corporations through the purchase of class A stock. However, the associations are designed to become entirely locally owned by their farmer members, and 252 associations had reached this goal by October 31, 1952.

Each corporation operates within its own financial structure under its district board of directors. One of the principal functions is the supervision of associations and this is designed to maintain their soundness and dependability. These associations in 1954 are expected to make about 300,000 loans for $1,500,000,000. At June 30, 1952, their 475,546 member stockholders had purchased and owned over $87,000,000 of the associations' capital stock.

On November 30, 1952, the 12 corporations had 166 employees (full-time equivalent), all in the field.

	Limitation, 1953	Revised Budget Estimate, 1954
Administrative expense limitation	$1,465,000	~~$1,516,000~~ $1,465,000

Administrative Expenses

Appropriation Act, 1953, and base for 1954	$1,465,000
Revised Budget Estimate, 1954	1,465,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Change	1954 Revised (estimated)
1. Organizing, providing supplemental capital for, and supervising production credit associations	$1,392,649	$1,465,000	- -	$1,465,000
Unobligated balance	14,366	- -	- -	- -
Total limitation or estimate	1,407,015	1,465,000	- -	1,465,000

The 12 production credit corporations are responsible by law and regulations thereunder to supervise all phases of the operations of the 499 production credit associations within their respective districts, including the prescription of loan policies, annual examinations of loans, prior approval of certain classes of loans, approval of investments, approval of compensation of officers and employees, and prescription of interest rates and reserves. In 1954 these associations are expected to make 300,000 loans for $1,500,000,000, an increase of 3.4% in number and 4.5% in amount over 1953.

Administrative Expenses

Appropriation Act, 1953, and base for 1954	$1,465,000
Budget Estimate, 1954	1,516,000
Increase (to provide closer supervision of production credit associations where problem loans are increasing and collections are relatively slower than last year	+51,000

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase	1954 (estimated)
1. Organizing, providing supplemental capital for, and supervising production credit associations	$1,392,649	$1,465,000	+$51,000(1)	$1,516,000
Unobligated balance	14,366	- -	- -	- -
Total limitation or estimate	1,407,015	1,465,000	+51,000	1,516,000

INCREASE

(1) An increase of $51,000 is proposed to strengthen the supervision of the production credit associations.

The 12 production credit corporations are responsible by law and regulations thereunder to supervise all phases of the operations of the 499 production credit associations within their respective districts, including the prescription of loan policies, annual examinations of loans, prior approval of certain classes of loans, approval of investments, approval of compensation of officers and employees, and prescription of interest rates and reserves. In 1954 these associations are expected to make 300,000 loans for $1,500,000,000, an increase of 3.4% in number and 4.5% in amount over 1953.

The workload of the production credit corporations in carrying out their supervisory responsibilities is materially increasing because of the narrowing of the margin between farm income and cost, the pressure on associations for additional credit as a result of adverse weather conditions, the increase in the number of loans requiring special attention, and the relative slow down in collections during the past year. Furthermore, the increasing operating expenses of associations emphasize the need for more supervisory attention to effect operating economics wherever possible. For these reasons it is urgent that the corporations strengthen their supervision over associations and provide the added effort needed to help the associations maintain adequate, sound agricultural credit at reasonable cost, keep losses at a minimum, and continue to repay Government capital.

STATUS OF PROGRAM

Creation and Purpose. -- Pursuant to the Farm Credit Act of 1933 (12 U.S.C. 1131 et seq.) the production credit system was organized to provide permanent credit facilities especially adapted to the short-term credit requirements of agriculture. The system includes 12 production credit corporations, one in each of the 12 Farm Credit districts, and 499 local production credit associations. The corporations were established to organize, provide supplemental capital for, and supervise local production credit associations which make loans to farmers and stockmen.

Management and Supervision. -- Each corporation operates under its own corporate management and under the direction of a board of directors, composed of the members of the district Farm Credit Board who are, ex officio, the directors of the four permanent credit units of each Farm Credit district. The operations of the corporations are supervised by the Production Credit Commissioner, who is responsible to the Governor of the Farm Credit Administration. The affairs of the production credit associations are administered under the direction of their respective boards of directors, generally of five members, elected by and from the membership of the associations. The associations are under the supervision of the production credit corporations and in turn the Farm Credit Administration.

Source of Funds:

1. Capital stock. -- The Farm Credit Act of 1933 established a revolving fund of $120,000,000 in the United States Treasury for the purpose of purchasing the capital stock of the corporations, and the initial subscription for each corporation was fixed at $7,500,000. The revolving fund was used in its entirety from 1935 to 1944, except that $15,000,000 was returned to the Treasury in 1940 pursuant to a request by the President of the United States and was requisitioned again by the Governor from the fund in 1941. A voluntary program of returning capital to the revolving fund was begun in 1944. Annual repayments had reduced the outstanding capital from $120,000,000 to $81,635,000 at June 30, 1948. Pursuant to Public Law 860, 80th Congress, $30,000,000 of paid-in capital was returned to the surplus fund of the Treasury by the corporations during 1949 which reduced the total amount of the revolving fund to $90,000,000. Further repayments to the revolving fund through 1952 and as estimated for 1953 and 1954 will reduce the paid-in capital stock of the corporations to $31,735,000 at June 30, 1954.

2. Retained earnings. -- After payment of all costs from organization to June 30, 1952, retained earnings amounted to $15,614,104, 43 percent of their paid-in capital.

Types of Operations. -- The principal functions of the corporations are to organize, provide supplemental capital for, and supervise production credit associations which make short-term loans to farmers and ranchmen for general agricultural purposes. The associations obtain most of their loan funds by discounting farmers' notes with, and by other borrowings from, the Federal intermediate credit banks. The corporations maintain substantial resources, available for immediate use, in the form of investments in United States securities as a backlog of reserve strength in support of the entire system. These resources permit immediate increases in the

investments in class A stock of production credit associations as needed to maintain sound credit service. Meanwhile these securities provide the corporations with income.

1. Organizing Production Credit Associations. -- There are 499 production credit associations, established to serve all of the United States and Puerto Rico (12 U.S.C. 1131d).

2. Capitalizing Production Credit Associations. -- The initial capital of the production credit associations was provided by the district production credit corporations through the purchase of class A stock in the associations. As farmers and stockmen obtain loans, they are required to purchase capital stock (class B) in the local associations and it is intended, ultimately, that the capital stock originally provided by the production credit corporations will be retired in full and the associations will be wholly owned by their members. In addition to the capital stock purchased by members to qualify for loans, many farmers and stockmen have purchased extra stock and others have retained the stock after repaying the loans. At June 30, 1952, farmers and stockmen owned $87,849,052, or 91.0 percent, of the total capital stock of the associations. Circumstances have arisen and will arise in the future where substantial capital investments by the corporations must be made immediately to provide some associations with an adequate capital structure to permit obtaining loanable funds necessary to maintain credit service. (For further information, see Table O).

3. Supervising Production Credit Associations. -- The 12 corporations are responsible in their respective districts for all phases of the supervision of the 499 associations. The corporations establish the basic policies under which association loans are made and must approve each loan which exceeds 20 percent of an association's capital and guaranty fund and all loans to association officers and directors. In guiding the associations in building sound local credit institutions, the corporations emphasize (1) sound and constructive credit service, to farmers through the respective territories; (2) efficient, economical, and sound operations; (3) adequate reserves; (4) member ownership of the associations; (5) training; and (6) decentralization of responsibilities. The policies of training and decentralization have enabled the corporations to make significant reductions in their staffs since 1940 (see Table B). They function with relatively small staffs, a majority of whom are working directly with the association directors and officers largely through contacts at the association offices and occasional group meetings for neighboring associations. In these 499 associations operating through about 1500 offices and handling a loan volume of one and a third billion dollars annually, new problems are continually arising, many of which are of major significance accentuating the need for adequate supervision.

Operating Data. -- The 1954 estimates reflect the increasing demand on the associations for credit. This demand coupled with developments such as the marked drop in prices for livestock in the calendar year 1952 and the extremely dry weather in many areas, shifts in types of farming, the decline in farmers' net income, the slowing up of collections on loans, and the

need to deal effectively with problem loans and to minimize losses, is creating new problems in maintaining sound and constructive credit service to association members and qualified applicants seeking credit.

1. Administrative Expenses. -- Experience has demonstrated that if the associations are to maintain a dependable credit service and continue to make progress as a group toward complete member-ownership, supervision by the corporations must be adequate to enable them to determine weaknesses in the early stages and to apply corrective measures promptly. For a summary of personnel requirements and administrative expenses, together with comparative workload data, see Table B.

2. Investment in Class A Stock of Production Credit Associations. -- Because of the anticipated increases in locally owned capital and reserves of the production credit associations and the desire of the membership to become completely locally owned, it is estimated that associations will retire stock owned by the corporations in the amounts of $3,533,000 in 1953 and $3,197,800 in 1954, with additional investments of $1,000,000 required in each of these years. This is expected to reduce the corporations' total investment in class A stock of the associations to $3,994,000 at June 30, 1954.

3. Retirement of Capital Stock. -- Repayments to the revolving fund are estimated at $2,500,000 in 1953 and $2,000,000 in 1954. Such payments will reduce the paid-in capital of the corporations to $31,735,000 at June 30, 1954. There is no adequate basis for measuring the ultimate long-term capital and surplus needs of the production credit corporations until the system has weathered a period of falling or continued lower prices for farm products; however, past experience in agricultural credit has demonstrated the need in such a system for a strong capital structure and the availability of supplemental capital for temporary periods to meet sharp increases in demand for credit or other emergencies.

Table A

Summary of Operations. -- A summary of actual operations for the fiscal year 1952 and estimates for 1953 and 1954, which is set forth in greater detail in the printed budget, is given in the following table:

	1952 Actual	1953 Estimate	1954 Estimate
Funds Applied			
Investment in production credit association capital stock	$1,075,000	$1,000,000	$1,000,000
Administrative expenses	1,392,649	1,465,000	1,516,000
Other expenses	251,169	259,100	259,200
Excess of par value over proceeds from sales of U. S. securities	58,609		
Increase in working capital			25,900
Repayment of U. S. Government investment to U. S. Treasury	3,000,000	2,500,000	2,000,000
Increase in U.S. Securities held (par)	707,700		
Total	6,485,127	5,224,100	4,801,100
Funds Provided			
Realization of investments in PCA capital stock	5,006,700	3,533,000	3,197,800
Income	1,140,528	1,163,900	1,170,300
Discount on securities purchased	1,261		
Proceeds in excess of par value on sale of investments (unamortized premiums)		18,000	
Decrease in working capital	326,638	69,200	
Decrease in Treasury cash	10,000		
Decrease in U.S. Securities held (par)		440,000	433,000
Total	6,485,127	5,224,100	4,801,100

Table B

The following table is a summary of the personnel and administrative expenses as estimated for 1954 together with pertinent comparative data:

	1940 actual	1940 actual converted to 1952 salary and price levels 1/	1953 estimate	1954 estimate
Total personnel for 12 PCC's (man-years)	294	.....	175	181
Total salaries	$ 881,575	$1,683,808	$ 1,079,347	$ 1,106,681
Total travel expense	190,257	363,391	200,800	214,200
Total administrative expenses	1,345,783	2,570,446	1,465,000	1,516,000
Total administrative expenses per $100 of loans made by PCA's	$0.41	$0.78	$0.10	$0.10
Number of loans made by PCA's	229,566	.....	290,000	300,000
Amount of loans made by PCA's	$328,000,000	.....	$1,435,000,000	$1,500,000,000
Estimated number of advances and repayments on these loans	1,850,000	.....	2,610,000	2,700,000
Number of PCA offices including full and part-time field offices	1,071	.....	1,559	1,559
Number of PCA directors	2,645	.....	2,525	2,525
Number of PCA employees (man-years)	2,890	.....	3,347	3,438

1/ On basis of Bureau of Labor Statistics cost-of-living index which is currently running at 191 (July through September 1952) with 1940 being 100.

Table C

The following table relates to the function of the production credit corporations in capitalizing production credit associations and shows the loan volume of production credit associations in relation to (1) capital and reserves of the associations and (2) the capital and surplus of the production credit corporations invested in or available for investment in capital stock of the associations.

	1945 actual	1952 actual	1954 estimate
Amount of loans made by PCA's	$500,305,170	$1,376,542,930	$1,500,000,000
Amount of loans outstanding - June 30	266,712,538	797,612,105	900,000,000
Capital and reserves of PCA's:			
Capital stock owned by PCC's	55,700,485	8,724,800	3,994,000
Capital stock owned by members	31,232,224	87,849,052	102,000,000
Reserves	33,598,340	78,560,801	93,000,000
Total	120,531,049	175,134,653	198,994,000
Capital and surplus of PCC's:			
Paid-in capital	108,300,000	36,235,000	31,735,000
Surplus	12,716,436	15,614,104	14,434,804
Total	121,016,436	51,849,104	46,169,804
Use of PCC capital and surplus - June 30:			
Invested in class A stock of PCA's	55,700,485	8,724,800	3,994,000
Invested in United States Bonds	64,233,250	42,564,598	41,659,398
Other	1,082,701	559,706	516,406
Total	121,016,436	51,849,104	46,169,804

FARM CREDIT ADMINISTRATION,
REVOLVING FUND

This schedule (page 484) reflects funds available for the capitalization of the production credit corporations (12 U.S.C. 1131 b, 1131 i). The Budget schedule reflects balances available for obligation as follows: fiscal year 1952, $53,765,000; fiscal year 1953, $56,265,000; and fiscal year 1954, $58,265,000.

PASSENGER MOTOR VEHICLES

The 1954 budget estimates for the Production Credit Corporations provide for the replacement of 5 automobiles all of which will be within the age or mileage standards at the time of replacement. These cars are used primarily by field employees, who are frequently headquartered in small towns and are in an almost continuous travel status in connection with their work of supervising 499 production credit associations. The total number of vehicles owned by these corporations is estimated at 30 in 1954. These automobiles are located at various field points within the territorial limits of the United States. They are usually assigned to individual employees who are required in the course of their duty to travel from one production credit association to another, and often to the farms of individual PCA directors and members, in carrying out their duties and supervisory functions. Because of these particular requirements, it is not practical to assign automobiles for joint use, either with other agencies or with other employees.

It is the general policy of the corporations to operate automobiles as long as they give safe and reliable service and as long as the cost of operation is at a reasonable level. At June 30, 1952, the average mileage of all automobiles owned by these corporations was 38,991 miles. The average mileage driven during the course of a year is usually about 11,000 to 12,000 miles per car. At June 30, 1952, 6 of these cars had been driven in excess of 70,000 miles and 5 others in excess of 50,000 miles. On the basis of past experience, it is anticipated that a substantial number of these 11 high-mileage cars will have passed the point of efficient, reliable, and economical operation before the end of 1954. Of the 25 old cars to be used in 1954, 8 will be models of 1949 or older.

It is necessary that traveling personnel have adequate and reliable facilities for transportation if they are to efficiently and expeditiously carry out their duties in supervising the 499 production credit associations.

RESEARCH ON STRATEGIC AND CRITICAL AGRICULTURAL MATERIALS

Purpose Statement

The Strategic and Critical Materials Stock Piling Act of July 23, 1946, in section 7 (b), authorizes and directs the Department of Agriculture to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or substitutes for such materials determined by the Munitions Board to be strategic and critical. This appropriation is for the purpose of enabling the Department to carry out its responsibilities under that Act.

This program is administered by the Agricultural Research Administrator. The Munitions Board, however, recommends or approves investigations to be undertaken. Funds are allotted to those research agencies of the Department which are best equipped to carry out the investigations required.

Investigations are at present being conducted on rubber, tannin, vegetable fats and oils, and materials for cordage.

	Appropriated, 1953	Revised Budget Estimate, 1954
Appropriated Funds	$600,000	~~$443,000~~ $439,500

RESEARCH ON STRATEGIC AND CRITICAL AGRICULTURAL MATERIALS

Appropriation Act, 1953 and base for 1954	$600,000
Revised Budget Estimate, 1954	439,500
Decrease	-160,500

SUMMARY OF INCREASES AND DECREASES, 1954

Decrease due to elimination of processing research in connection with the domestic production of natural rubber	-117,300
Decrease in production research on canaigre	-3,500
Decrease due to elimination of work on substitutes for strategic end uses of castor oil	-63,000
To intensify production research on fiber plants, particularly on kenaf as a substitute for jute	+23,300

PROJECT STATEMENT

Project	1952	1953 (Estimated)	Increase or Decrease	1954 Revised (estimated)
1. Research on domestic production of natural rubber	$222,320	$225,300	-$117,300(1)	$108,000
2. Investigations of domestic production of vegetable tannins	80,828	107,500	-3,500(2)	104,000
3. Investigations on vegetable fats and oils	182,005	179,000	-63,000(3)	116,000
4. Investigations on fiber plants	65,537	88,200	+23,300(4)	111,500
Unobligated balance	28,110	- -	- -	- -
Total appropriation or estimate	578,800	600,000	-160,500	439,500

INCREASES AND DECREASES

A net decrease of 160,500 consisting of:

(1) A decrease of $117,300 under the project "Research on domestic production of natural rubber" to eliminate work on the development of methods for extraction of rubber from the guayule plant and deresination of the resulting product (Bureau of Agricultural and Industrial Chemistry).

Elimination of Processing Research: This decrease will eliminate that phase of the guayule rubber program devoted to the development of improved methods of extraction and of deresination to produce high-grade natural rubber, and the evaluation of such rubber in comparison with Hevea rubber.

This research has resulted in the development of methods for extraction of guayule rubber from the freshly harvested shrub and for deresination of the resinous guayule so extracted. It has also demonstrated that this rubber was equal to Hevea rubber for use in carcass construction of large transport tires, where synthetic rubber has not proved practical. Whether these methods of extraction and deresination represent a potentially useful method for producing, on an economic basis, large quantities of high-grade guayule rubber would require studies at some future time on a pilot plant scale, including studies to develop uses for byproduct resins to reduce costs.

Because of the currently favorable situation of the natural rubber stockpile, it is planned to close out this research in as orderly a manner as possible before the end of fiscal year 1953. All research results to date would be recorded and preserved.

Continuation of Production Research (Bureau of Plant Industry, Soils, and Agricultural Engineering): In order that the most promising disease-resistant hybrids which have been developed during the past few years by the research program may be preserved in standby plantings, it is necessary to stabilize the breeding material. Such stabilization can be attained by continuing the breeding program through fiscal year 1954.

With guayule it is possible through the use of known breeding techniques to develop plants which produce seeds asexually without true crossing (that is, by apomixis). These seeds produce plants genetically identical to those on which the seed is borne. The development of such asexual plants, which can be accomplished by the end of fiscal year 1954, is highly essential to the preservation in standby of the new hybrid strains and present breeding stocks.

Since many of the strains of highest rubber content are not disease-resistant, they would be lost if planted in standby only in Texas where disease in prevalent. Therefore, standby plantings of breeding material would be maintained in both Texas and California. The breeding stock to be held in California would also be valuable for imparting high yield and other desirable characteristics. After fiscal year 1954, a small sum would need to be continued for observation of these field plantings.

(2) A decrease of $3,500 under the project "Investigations of domestic production of vegetable tannins" to curtail production of canaigre plantings (Bureau of Plant Industry, Soils, and Agricultural Engineering).

This decrease is possible due to a determination that current plantings of canaigre will furnish sufficient material for conducting pilot-plant-scale investigations on the extraction of tannin from canaigre roots. Therefore the additional plantings in Arizona contemplated during the fall of 1953 will not be required. $3,500 was budgeted for such plantings.

expanding production program, the research should be expanded to provide for (1) improvement of fiber retting and processing equipment and methods, and (2) fiber tests to guide the breeding, selection, production and processing research.

Plan of Work, Fiscal Year 1954: The engineering research would be concerned primarily with the improvement of equipment for handling, decorticating, and fiber processing. Equipment is being developed for the decortication of kenaf fibers, which involves the mechanical removal of the fiber from the rest of the plant structure. Research is needed, however, on removal of gum from the partially decorticated fibers by chemical and biological processes. This work would be valuable in improving quality of the finished product.

Tests would be made of quality and tensile strength to help evaluate the production, breeding and processing research and to develop improved testing techniques, that will accurately predict from small samples the fiber spinning quality required for large scale commercial use as has been done with cotton fibers. Such tests are needed not only for kenaf, but also for sansevieria and other long vegetable fibers.

All of the work would be done in Florida where facilities for the expanded research are already available.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language for this item as follows (deleted matter enclosed in brackets):

For expenses necessary to enable the Secretary to carry out his responsibilities under section 7 (b) of the Strategic and Critical Materials Stock Piling Act of July 23, 1946 (50 U.S.C.
1 98f), [$600,000: Provided, That this appropriation shall be subject to applicable provisions contained in the item "Office of Administrator, Agricultural Research Administration"] $439,500.

This change is for the purpose of deleting language included in the 1953 Agricultural Appropriation Act with reference to the applicability of the provisions contained under "Salaries and expenses, Office of Administrator, Agricultural Research Administration" to this appropriation item which was included in a separate title (Title III - Special Activities) in the 1953 Act. The 1954 Budget carries this item along with all the other appropriations of the Agricultural Research Administration. Should this item again be separated from the appropriations for the Agricultural Research Administration, the language proposed for deletion here should be restored.

(3) A decrease of $63,000 under the project "Investigations on vegetable fats and oils," to eliminate work on finding replacements for strategic end uses of castor oil (Bureau of Agricultural and Industrial Chemistry).

Research on the development from plentifully available domestic raw materials of replacements for certain end uses of strategic castor oil was undertaken at the request of the Munitions Board in fiscal year 1952 as part of a concerted effort to assure our national defense sufficiency with respect to this imported oil and needed chemicals that are derived from it. The program has been so productive that the results already accomplished, which will be further developed during fiscal year 1953, together with the currently favorable outlook for domestic castor bean production, have led the Munitions Board to conclude that it will be unnecessary to continue Federal research on castor oil replacements beyond fiscal year 1953.

(4) An increase of $23,300, under the project "Investigations on fiber plants," for intensifying production research on fiber plants, particularly on kenaf as a substitute for jute (Bureau of Plant Industry, Soils, and Agricultural Engineering).

Need for Increase: The Munitions Board has recommended that the Department expand its research on fiber plants, particularly kenaf which is a jute substitute, so that the United States will be in a position to increase the production of kenaf fiber quickly to meet essential civilian and military needs in a war emergency. Some kenaf is being produced now on a commercial scale; however, the varieties, production practices, and processing methods need to be improved to assure satisfactory yields and reduce production and processing costs.

The United States obtains approximately 95% of its supply of jute and jute products from Pakistan and India. Approximately 250,000 short tons of jute fabrics (chiefly burlap) are imported annually from India, and in addition, approximately 60,000 tons of raw jute are used in domestic manufacture.

Production research on kenaf is closely related to the kenaf production program conducted by the Production and Marketing Administration starting in the crop year 1951 at the request of the Munitions Board. This program was undertaken because of a shortage of cordage fiber, jute, and burlap, and the strategic nature of the commodity, and is financed under the Defense Production Act. In 1952, under an expanded program, contracts were made for the production of 7,500 tons of kenaf fiber in the Western Hemisphere. It is estimated that 20 to 25% of the fiber is being produced in Florida.

During the fiscal year 1952 approximately $5,000 was used to initiate research on the agronomic phases and breeding of kenaf to help meet the needs of the expanding production program. An increase of $22,200 for fiscal year 1953 is being used to work on disease problems and to initiate some research on the development and improvement of equipment, especially for kenaf harvesting. To meet the needs of the rapidly

RESEARCH ON STRATEGIC AND CRITICAL AGRICULTURAL MATERIALS

Appropriation Act, 1953 and base for 1954	$600,000
Budget Estimate, 1954	443,000
Decrease	-157,000

SUMMARY OF INCREASES AND DECREASES, 1954

Decrease due to elimination of processing research in connection with the domestic production of natural rubber	-117,300
Decrease due to elimination of work on substitutes for strategic end uses of castor oil	-63,000
To intensify production research on fiber plants, particularly on kenaf as a substitute for jute	+23,300

PROJECT STATEMENT

Project	1952	1953 (estimated)	Increase or Decrease	1954 (estimated)
1. Research on domestic production of natural rubber	$222,320	$225,300	-$117,300(1)	$108,000
2. Investigations of domestic production of vegetable tannins..	80,828	107,500	- -	107,500
3. Investigations on vegetable fats and oils	182,005	179,000	-63,000(2)	116,000
4. Investigations on fiber plants	65,537	88,200	+23,300(3)	111,500
Unobligated balance	28,110	- -	- -	- -
Total appropriation or estimate	578,800	600,000	-157,000	443,000

INCREASES AND DECREASES

A net decrease of $157,000 consisting of:

(1) A decrease of $117,300 under the project "Research on domestic production of natural rubber" to eliminate work on the development of methods for extraction of rubber from the guayule plant and deresination of the resulting product (Bureau of Agricultural and Industrial Chemistry).

Elimination of Processing Research: This decrease will eliminate that phase of the guayule rubber program devoted to the development of improved methods of extraction and of deresination to produce high-grade natural rubber, and the evaluation of such rubber in comparison with Hevea rubber.

This research has resulted in the development of methods for extraction of guayule rubber from the freshly harvested shrub and for deresination of the resinous guayule so extracted. It has also demonstrated that this rubber was equal to Hevea rubber for use in carcass construction of large transport tires, where synthetic rubber has not proved practical. Whether these methods of extraction and deresination represent a potentially useful method for producing, on an economic basis, large quantities of high-grade guayule rubber would require studies at some future time on a pilot plant scale, including studies to develop uses for byproduct resins to reduce costs.

Because of the currently favorable situation of the natural rubber stockpile, it is planned to close out this research in as orderly a manner as possible before the end of fiscal year 1953. All research results to date would be recorded and preserved.

Continuation of Production Research (Bureau of Plant Industry, Soils, and Agricultural Engineering): In order that the most promising disease-resistant hybrids which have been developed during the past few years by the research program may be preserved in standby plantings, it is necessary to stabilize the breeding material. Such stabilization can be attained by continuing the breeding program through fiscal year 1954.

With guayule it is possible through the use of known breeding techniques to develop plants which produce seeds asexually without true crossing (that is, by apomixis). These seeds produce plants genetically identical to those on which the seed is borne. The development of such asexual plants, which can be accomplished by the end of fiscal year 1954, is highly essential to the preservation in standby of the new hybrid strains and present breeding stocks.

Since many of the strains of highest rubber content are not disease-resistant, they would be lost if planted in standby only in Texas where disease is prevalent. Therefore, standby plantings of breeding material would be maintained in both Texas and California. The breeding stock to be held in California would also be valuable for imparting high yield and other desirable characteristics. After fiscal year 1954, a small sum would need to be continued for observation of these field plantings.

(2) A decrease of $63,000 under the project "Investigations on vegetable fats and oils," to eliminate work on finding replacements for strategic end uses of castor oil (Bureau of Agricultural and Industrial Chemistry).

Research on the development from plentifully available domestic raw materials of replacements for certain end uses of strategic castor oil was undertaken at the request of the Munitions Board in fiscal year 1952 as part of a concerted effort to assure our national defense sufficiency with respect to this imported oil and needed chemicals that are derived from it. The program has been so productive that the results already accomplished, which will be further developed during fiscal year 1953, together with the currently favorable outlook for domestic castor bean production, have led the Munitions Board to conclude that it will be unnecessary to continue Federal research on castor oil replacements beyond fiscal year 1953.

(3) An increase of $23,300, under the project "Investigations on fiber plants," for intensifying production research on fiber plants, particularly on kenaf as a substitute for jute (Bureau of Plant Industry, Soils, and Agricultural Engineering).

Need for Increase: The Munitions Board has recommended that the Department expand its research on fiber plants, particularly kenaf which is a jute substitute, so that the United States will be in a position to increase the production of kenaf fiber quickly to meet essential civilian and military needs in a war emergency. Some kenaf is being produced now on a commercial scale; however, the varieties, production practices, and processing methods need to be improved to assure satisfactory yields and reduce production and processing costs.

The United States obtains approximately 95% of its supply of jute and jute products from Pakistan and India. Approximately 250,000 short tons of jute fabrics (chiefly burlap) are imported annually from India, and in addition, approximately 60,000 tons of raw jute are used in domestic manufacture.

Production research on kenaf is closely related to the kenaf production program conducted by the Production and Marketing Administration starting in the crop year 1951 at the request of the Munitions Board. This program was undertaken because of a shortage of cordage fiber, jute, and burlap, and the strategic nature of the commodity, and is financed under the Defense Production Act. In 1952, under an expanded program, contracts were made for the production of 7,500 tons of kenaf fiber in the Western Hemisphere. It is estimated that 20 to 25% of the fiber is being produced in Florida.

During the fiscal year 1952 approximately $5,000 was used to initiate research on the agronomic phases and breeding of kenaf to help meet the needs of the expanding production program. An increase of $22,200 for fiscal year 1953 is being used to work on disease problems and to initiate some research on the development and improvement of equipment, especially for kenaf harvesting. To meet the needs of the rapidly expanding production program, the research should be expanded to provide for (1) improvement of fiber retting and processing equipment and methods, and (2) fiber tests to guide the breeding, selection, production and processing research.

Plan of Work, Fiscal Year 1954: The engineering research would be concerned primarily with the improvement of equipment for handling, decorticating, and fiber processing. Equipment is being developed for the decortication of kenaf fibers, which involves the mechanical removal of the fiber from the rest of the plant structure. Research is needed, however, on removal of gum from the partially decorticated fibers by chemical and biological processes. This work would be valuable in improving quality of the finished product.

Tests would be made of quality and tensile strength to help evaluate the production, breeding and processing research and to develop improved testing techniques, that will accurately predict from small samples the fiber spinning quality required for large scale commercial use as has

been done with cotton fibers. Such tests are needed not only for kenaf, but also for sansevieria and other long vegetable fibers.

All of the work would be done in Florida where facilities for the expanded research are already available.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language for this item as follows (deleted matter enclosed in brackets):

For expenses necessary to enable the Secretary to carry out his responsibilities under section 7 (b) of the Strategic and Critical Materials Stock Piling Act of July 23, 1946 (50 U.S.C.
1 98f), [$600,000: Provided, That this appropriation shall be subject to applicable provisions contained in the item "Office of Administrator, Agricultural Research Administration"] $443,000.

This change is for the purpose of deleting language included in the 1953 Agricultural Appropriation Act with reference to the applicability of the provisions contained under "Salaries and expenses, Office of Administrator, Agricultural Research Administration" to this appropriation item which was included in a separate title (Title III - Special Activities) in the 1953 Act. The 1954 Budget carries this item along with all the other appropriations of the Agricultural Research Administration. Should this item again be separated from the appropriations for the Agricultural Research Administration, the language proposed for deletion here should be restored.

STATUS OF PROGRAM

This appropriation enables the Department of Agriculture to carry out its responsibilities under the Strategic and Critical Materials Stock Piling Act of July 23, 1946. This Act authorizes and directs the Department to make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or substitutes for such materials determined by the Munitions Board to be strategic and critical. Investigations are undertaken only upon recommendation of the Munitions Board.

Current activities include research on domestic rubber production, tannin, strategic oils, and fiber plants, as follows:

1. Rubber production investigations are carried on in California and Texas to develop new strains of guayule by hybridization, selection, and testing which will increase the yield of natural rubber; and to test means of quickly and inexpensively establishing field stands of guayule. At the United States Natural Rubber Research Station at Salinas, California, investigations are carried on to develop better methods for the extraction of rubber from the guayule plant; to develop a continuous process for derisination of the crude rubber and to produce deresinated rubber in sufficient volume for industrial evaluation. The extraction and processing phases of this research will be discontinued before the end of fiscal year 1953.

2. Tannin investigations are at present devoted to the possible production of tanning materials from crops that can be produced in the United States, with special reference to canaigre, a desert crop grown in the Southwestern United States. Experimental plantings have been established in Arizona, New Mexico, and Texas. Production problems encountered in growing this crop on a semi-commercial scale are being studied. A pilot plant has been designed and installed for preparation of the canaigre tanning extract on a scale large enough to permit commercial evaluation by its use in the production of experimental lots of heavy leather.

3. Current work on strategic oils is devoted to problems encountered in the expansion of castor bean production into new areas to meet the increased demands for castor oil; to the development of superior varieties adapted to growing and mechanical handling in new areas of production; and to the development from domestic oils of substitutes for those strategic uses which now require castor oil. The latter phase of the work will be discontinued by the end of fiscal year 1953.

4. Studies in the field of strategic cordage are directed toward problems encountered in developing the domestic production of hard fibers and hard fiber substitutes (sansevieria, phormium, and hemp) that can be used for such purposes as lines and ropes on naval vessels, and of kenaf, a soft fiber with qualities similar to jute.

Selected Examples of Recent Progress

1. Research on Domestic Rubber Production. During the year 3,225 new controlled crosses or back-crosses were produced in the breeding program. A new testing routine has been developed under which month-old seedlings are transplanted to flats in greenhouses and analyzed for rubber yield 4 to 6 months later, about 1 year earlier than would have been possible if they had been transplanted to the field. Over 10,000 seedlings have been tested during the past year and about 3 per cent selected for field trials.

   New Hybrids, developed by crossing with Parthenium Stramonium, a much larger plant than the standard guayule variety 593, have been found to have almost equal rubber percentage and considerably larger plant size. Thus the new strains have potential yields from 50 to 100 per cent higher than those of the best strains of guayule. The quality of the rubber from these larger hybrids is comparable to that from guayule.

   Charcoal rot caused considerable loss of plants in Texas, both in nurseries and in dry-land plantings. The development of resistant varieties seems to be the best protection. Some of the newer high-yielding hybrid strains appear to have resistance to charcoal rot, but need to be more thoroughly tested in field trials in Texas.

2. High-quality of guayule rubber demonstrated in truck tire tests. Use of natural rubber is essential for carcass construction in large size transport tires because no synthetic rubber has met this critical need. In order to determine the usefulness of deresinated guayule rubber for this purpose test lots, totaling approximately 4,000 pounds, were submitted to tire manufacturers for fabrication of tires, particularly heavy-duty truck tires. Road tests were conducted by the Office of Rubber Reserve. The first set of truck tires, on which tests have been completed, demonstrated that deresinated guayule was equal to Hevea (plantation) rubber with respect to all important service characteristics including average miles to failure, heat build-up, and crack growth.

3. Progress in the development of a continuous deresination process. Removal of the 20 per cent or more of resinous material in crude guayule rubber is an essential step in the production of high quality rubber such as required for critical use in tires. Deresination is presently accomplished by a batch method of acetone extraction of the resinous rubber as obtained directly from the pebble milling process. After investigating the possibilities of various types of continuous extraction equipment development work was undertaken on a moving belt conveyor type as being the most promising for process development. A small single batch type unit built to test the idea has performed satisfactorily.

4. Development of domestic tannin crops. Canaigre continues to show the greatest promise as a domestic source of tanning material. The 55 experimental acres of canaigre now under cultivation in the Southwest provide plantings to develop agronomic information for production practices and harvested roots for pilot plant tests of tannin extraction. They include 30 acres of 2-year old plants which will be harvested in the early summer of 1953 and 25 acres that will be harvested in 1954. Substantial improvements in cultural practices have been developed and improved strains with higher tannin yields are being produced and tested. Approximately 62 tons of dried roots which have been produced from experimental plantings are now available for pilot plant tests of tannin extraction. Twenty-eight hundred pounds of seed collected from experimental plantings are being held in storage for planting stock in case of emergency.

5. Development of a domestic source of castor oil. To support the expanding castor bean production program, new castor bean varieties have been developed by the breeding program which are better suited to specific areas of production and cropping practices. Resistance to shattering of seed and dropping of capsules were emphasized in the breeding work. In tests near Stillwater, Oklahoma, USDA 74 was the highest yielding variety, producing 909 pounds per acre as compared with 651 pounds for Cimarron, an intermediate yielding variety. Under some conditions and cropping practices, however, USDA 74 requires two harvests to prevent loss of capsules. An extensive variety testing program in some 30 locations in Oklahoma, Texas, California, Nebraska, Illinois, Missouri, Arkansas, and Tennessee is being conducted to select varieties best suited to different producing areas and cropping practices.

A castor bean stripper has been developed for the 1952 harvest which weighs about 1,000 pounds less than the 1951 model, is more maneuverable, and incorporates a number of other changes which improve its performance.

6. Synthetic lubricants derived from soybean oil residues (foots). Lubrication of jet engines requires oils that will still flow at temperatures below -65°F., yet retain their lubricating properties at temperatures as high as 392°F. At present, the base for these lubricants is a compound of sebacic acid, derived from castor oil which is being stock-piled for emergency use. Results to date indicate that slight modification of compounds derived from fatty acids of soybean and other vegetable oil foots will give materials with suitable viscosity characteristics and pour points comparable to those of the sebacic acid compound.

7. Azelaic acid derived from furfural. Research workers in the Departments of the Navy and the Air Force have found that esters of sebacic and azelaic acids have especially good properties for lubricants which will function efficiently at both very high and very low temperatures. These acids are now derived from castor

oil or other oils which might be unavailable or critically short in time of war. A laboratory procedure has been developed for the synthesis of azelaic acid from furfural (derived from corncobs) and acetaldehyde (derived from ethyl alcohol). This procedure is being investigated intensively to determine the best operating conditions for obtaining highest yield at lowest possible cost.

8. Research on domestic production of strategic fibers. Sansevieria is the best known substitute for abaca in rope-making. Considerable progress has been made during the past year in developing weed control methods for sansevieria production. A new chemical weed killer gives promise of great effectiveness.

A serious disease of kenaf occurred in widespread areas of Cuba and Florida in 1951. Disease resistance has been found in some strains and tests are being conducted to evaluate these varieties for commercial production. Engineering studies are in progress to reduce the costs of production. Work is being conducted on a machine to combine harvesting the kenaf and preliminary processing whereby most of the nonfiber plant material would be left in the field.

Agronomic tests with hemp in Kentucky and Missouri indicate that it can be grown successfully in that area on well drained soils of medium fertility. Fiber obtained from these plantings appears to be of good quality. In the breeding program, emphasis is being placed on the development of improved strains with low marijuana content to avoid producing a crop which must be controlled under very strict limitations by the Bureau of Narcotics.

ERADICATION OF FOOT-AND-MOUTH AND OTHER CONTAGIOUS DISEASES OF ANIMALS AND POULTRY, AGRICULTURAL RESEARCH ADMINISTRATION

	Eradication of foot-and-mouth disease	Eradication of vesicular exanthema of swine	Eradication of scrapie of sheep
Notes cancelled, 1953, covering advances made and expenses incurred by Commodity Credit Corporation through June 30, 1951	$11,240,252	- -	- -
Transfers for eradication of vesicular exanthema of swine and scrapie of sheep from:			
"Salaries and expenses, Bureau of Animal Industry"	- -	$175,000	$15,000
"Control of emergency outbreaks of insects and plant diseases, Bureau of Entomology and Plant Quarantine"	- -	500,000	- -
"Control of forest pests, Agriculture"	- -	172,800	- -
"Operating and administrative expenses, Federal Crop Insurance Corporation"	- -	552,200	- -
Base for 1954	11,240,252	1,400,000	15,000
Budget Estimate, 1954	a/ 7,057,575 a/	- -	- -

a/ Notes to be cancelled to cover unreimbursed expenses and transfers from Commodity Credit Corporation through June 30, 1952, including interest thereon from July 1, 1952, through June 30, 1953.

EXPLANATION OF ESTIMATE

Eradication of Foot-and-Mouth Disease

Obligations, 1952
(For which cancellation of notes is requested in 1954 Budget Estimates)

1. Cooperation with the Government of Mexico in the control and eradication of foot-and-mouth disease:
   Payments made to the Mexican-United States Commission for the eradication of foot-and-mouth disease in Mexico $1,155,000
   Direct Federal expenses for program in Mexico 3,127,237 $4,282,237

2. Enforcement of Mexican border quarantine	$1,958,352
3. Inspection at public stockyards and in the field	383,095
4. Research on foot-and-mouth disease	143,993
5. Canned meats and meat products program:	
Administrative costs	612
Handling expenses in connection with disposal of canned meat purchased in northern Mexico paid directly by the Commodity Credit Corporation	15,958
6. Protective measures to prevent entry of foot-and-mouth disease from Canada	189,667
7. Interest on advances made prior to June 30, 1952	303,002
Total obligations	7,276,916
Less receipts from sales of canned meat and meat products and prior year adjustments	-16,638
Prior year balance available in 1952	-514,890
1952 balance available in 1953	+171,934
Total due June 30, 1952	6,917,322
Estimated interest through June 30, 1953 on prior year advances	140,253
TOTAL, NOTES TO BE CANCELLED	7,057,575

Estimated Obligations, 1953
(For which funds will be required in fiscal year 1955 to reimburse Commodity Credit Corporation)

1. Cooperation with the Government of Mexico in the control, eradication, and prevention of foot-and-mouth disease in Mexico:		
Payments to Joint Commissions:		
(a) Eradication Commission (including liquidation costs)	a/$61,000	
(b) Prevention Commission (9/1/52 - 6/30/53)	43,000	104,000
Direct Federal Expenses:		
(a) Eradication Program	608,000	
(b) Prevention Program	427,000	1,035,000
		1,139,000
2. Mexican border inspection and quarantine		740,000
3. Protective measures to prevent entry of foot-and-mouth disease from Canada		b/ 579,934
4. Interest		c/ 87,000
Total obligations		2,545,934
Less 1952 balance available in 1953		-171,934
Total estimated costs, 1953		d/2,374,000

a/ Revised estimate. Budget included $107,000 estimated obligations for this purpose.

b/ Estimate based on no further outbreaks of disease in Canada and lifting of quarantine March 1, 1953.

c/ Includes estimated interest through June 30, 1954, on fiscal year 1953 advances.

d/ Actual reimbursement to Commodity Credit Corporation will take into account return of balances in Commission accounts upon final liquidation.

Fiscal Year 1954

The Budget Estimates include a transfer of activities to "Salaries and Expenses, Bureau of Animal Industry" in the fiscal year 1954 for the following work now financed under this head: (1) limited cooperative activities in Mexico to investigate any suspected cases of foot-and-mouth disease ($40,000) and (2) minimum inspection and quarantine activities along the Mexican-United States border ($290,000). Thus, in 1954, no work on foot-and-mouth disease in Mexico or Canada will be financed from this appropriation, unless needed as a result of future outbreaks.

Eradication of Vesicular Exanthema in Swine

In the fiscal year 1953 a total of $2,108,000 has been transferred from other appropriations of the Department to this appropriation primarily for the payment of indemnities under the program for eradication of vesicular exanthema, in connection with which a state of emergency was declared by the Secretary of Agriculture on August 1, 1952. These transfers have been made from the following appropriations, to finance the work until there has been an opportunity for Congress to review the program:

Federal Crop Insurance Corporation	$1,052,200
Control of emergency outbreaks of insects and plant diseases	500,000
Salaries and expenses, Bureau of Animal Industry, Animal disease control and eradication	175,000
Control of forest pests	172,800
Salaries and expenses, Soil Conservation Service	208,000
Total	2,108,000

It is estimated that the funds transferred will be used as follows:

Indemnities for swine and materials destroyed	2,058,000
Other expenses (principally disinfection costs in centers of infection in which animals have been removed for slaughter)	50,000
Total	2,108,000

It is estimated that additional transfers of about $440,000 will be required in fiscal year 1953. Indemnities will be paid on about 150,000 swine. This includes indemnities on animals slaughtered in those States which do not have funds available at this time for payment of indemnities but where plans are under way for obtaining the necessary funds for matching payments which would be made by this Department.

Fiscal Year 1953 costs for this program are being financed through savings and unused balances of funds available to the Department. Therefore, there will be no need for repayment of funds transferred.

In fiscal year 1954 costs are now estimated at a minimum of $2,000,000. Since a major change in program is now under review this estimate is only tentative. It is planned to finance the program within the appropriations available to the Department and, therefore, no supplemental estimate for 1954 is contemplated. The appropriation for the flood restoration program is available until December 31, 1953. Transfers from that program to the item "Eradication of foot-and-mouth and other contagious diseases of animals and poultry" would be available for obligation during the whole year.

Eradication of Scrapie in Sheep

In order to provide funds for payment of indemnities necessary for the eradication of an outbreak of scrapie in sheep in California, $20,000 has been transferred from "Salaries and expenses, Bureau of Animal Industry, Animal disease control and eradication". An emergency was declared by the Secretary of Agriculture in connection with this outbreak on October 31, 1952. Indemnities paid by the State of California are matched by the Department. The disease has now been diagnosed in Ohio and Illinois but it is not now known whether indemnities will be paid by those States.

Summary of Activities

The following table summarizes the three programs outlined above:

	Actual 1952	Estimated, 1953	Estimated, 1954
1. Foot-and-Mouth Disease:			
(a) Cooperation with Government of Mexico in control, eradication, and prevention of foot-and-mouth disease	$4,282,237	$1,139,000	a/
(b) Mexican border inspection and quarantine	1,958,352	740,000	a/
(c) Protective measures to prevent entry of foot-and-mouth disease from Canada	189,667	579,934	- -
(d) Other expenses related to foot-and-mouth program	627,319	87,000	- -
Subtotal	7,057,575	b/ 2,545,934	- -
2. Vesicular exanthema of swine c/ .	- -	2,108,000	- -
3. Scrapie of sheep c/	- -	20,000	- -
Total	7,057,575	4,673,934	- -

a/ The 1954 Budget Estimate for "Animal disease control and eradication" under the Bureau of Animal Industry includes $330,000 to provide for the necessary phases of these activities in 1954.

b/ Includes $171,934 available from prior-year balances and approximately $63,000 available from unobligated balance returned to United States on liquidation of Eradication Commission resulting in balance of $2,311,000 for which funds will be required in 1955 to reimburse Commodity Credit Corporation.

c/ Represents total of funds transferred for these programs to date.

ERADICATION OF FOOT-AND-MOUTH AND OTHER
CONTAGIOUS DISEASES OF ANIMALS AND POULTRY,
AGRICULTURAL RESEARCH ADMINISTRATION

	Eradication of foot-and-mouth disease	Eradication of vesicular exanthema of swine	Eradication of scrapie of sheep
Notes cancelled, 1953, covering advances made and expenses incurred by Commodity Credit Corporation through June 30, 1951	$11,240,252	- -	- -
Transfers for eradication of vesicular exanthema of swine and scrapie of sheep from:			
"Salaries and expenses, Bureau of Animal Industry"	- -	$175,000	$15,000
"Control of emergency outbreaks of insects and plant diseases, Bureau of Entomology and Plant Quarantine"	- -	500,000	- -
"Control of forest pests, Agriculture"	- -	172,800	- -
"Operating and administrative expenses, Federal Crop Insurance Corporation"	- -	552,200	- -
Base for 1954	11,240,252	1,400,000	15,000
Budget Estimate, 1954	a/ 7,057,575	a/ - -	- -

a/ Notes to be cancelled to cover unreimbursed expenses and transfers from Commodity Credit Corporation through June 30, 1952, including interest thereon from July 1, 1952, through June 30, 1953.

EXPLANATION OF ESTIMATE

Eradication of Foot-and-Mouth Disease

Obligations, 1952
(For which cancellation of notes is requested in 1954 Budget Estimates)

1. Cooperation with the Government of Mexico in the control and eradication of foot-and-mouth disease:
   Payments made to the Mexican-United States Commission for the eradication of foot-and-mouth disease in Mexico $1,155,000
   Direct Federal expenses for program in Mexico 3,127,237 $4,282,237

2. Enforcement of Mexican border quarantine	$1,958,352
3. Inspection at public stockyards and in the field	383,095
4. Research on foot-and-mouth disease	143,993
5. Canned meats and meat products program:	
Administrative costs	612
Handling expenses in connection with disposal of canned meat purchased in northern Mexico paid directly by the Commodity Credit Corporation	15,958
6. Protective measures to prevent entry of foot-and-mouth disease from Canada	189,667
7. Interest on advances made prior to June 30, 1952	303,002
Total obligations	7,276,916
Less receipts from sales of canned meat and meat products and prior year adjustments	-16,638
Prior year balance available in 1952	-514,890
1952 balance available in 1953	+171,934
Total due June 30, 1952	6,917,322
Estimated interest through June 30, 1953 on prior year advances	140,253
TOTAL, NOTES TO BE CANCELLED	7,057,575

Estimated Obligations, 1953
(For which funds will be required in fiscal year 1955 to reimburse Commodity Credit Corporation)

1. Cooperation with the Government of Mexico in the control, eradication, and prevention of foot-and-mouth disease in Mexico:		
Payments to Joint Commissions:		
(a) Eradication Commission (including liquidation costs)	a/$61,000	
(b) Prevention Commission (9/1/52 - 6/30/53)	43,000	104,000
Direct Federal Expenses:		
(a) Eradication Program	678,000	
(b) Prevention Program	457,000	1,135,000
		1,239,000
2. Mexican border inspection and quarantine		740,000
3. Protective measures to prevent entry of foot-and-mouth disease from Canada		b/ 579,934
4. Interest		c/ 87,000
Total obligations		2,645,934
Less 1952 balance available in 1953		-171,934
Total estimated costs, 1953		d/2,474,000

a/ Revised estimate. Budget included $107,000 estimated obligations for this purpose.

b/ Estimate based on no further outbreaks of disease in Canada and lifting of quarantine March 1, 1953.

c/ Includes estimated interest through June 30, 1954, on fiscal year 1953 advances.

d/ Actual reimbursement to Commodity Credit Corporation will take into account return of balances in Commission accounts upon final liquidation.

Fiscal Year 1954

The Budget Estimates include a transfer of activities to "Salaries and Expenses, Bureau of Animal Industry" in the fiscal year 1954 for the following work now financed under this head: (1) limited cooperative activities in Mexico to investigate any suspected cases of foot-and-mouth disease ($40,000) and (2) minimum inspection and quarantine activities along the Mexican-United States border ($290,000). Thus, in 1954, no work on foot-and-mouth disease in Mexico or Canada will be financed from this appropriation, unless needed as a result of future outbreaks.

Eradication of Vesicular Exanthema in Swine

In the fiscal year 1953 a total of $1,400,000 has been transferred from other appropriations of the Department to this appropriation primarily for the payment of indemnities in connection with the program for eradication of vesicular exanthema, in connection with which a state of emergency was declared by the Secretary of Agriculture on August 1, 1952. These transfers have been made from the following appropriations, to finance the work until there has been an opportunity for Congress to review the program:

Federal Crop Insurance Corporation	$552,200
Control of emergency outbreaks of insects and plant diseases	500,000
Salaries and expenses, Bureau of Animal Industry, Animal disease control and eradication	175,000
Control of forest pests	172,800
Total	1,400,000

It is estimated that the funds transferred will be used as follows:

Indemnities for swine and materials destroyed	$1,388,000
Other expenses (principally disinfection costs in centers of infection in which animals have been removed for slaughter)	12,000
Total	1,400,000

It is estimated that indemnities will be paid on 114,831 animals. This includes indemnities on animals slaughtered in those States which do not have funds available at this time for payment of indemnities but where plans are under way for obtaining the necessary funds for matching payments which would be made by this Department.

It is anticipated that a supplemental estimate for the fiscal year 1953 will be necessary to provide for this program for the remainder of the year and for repayment of the funds transferred from "Salaries and expenses, Bureau of Animal Industry" and from the other accounts to the extent necessary to meet program requirements in those accounts for the remainder of the year.

Eradication of Scrapie in Sheep

In order to provide funds for payment of indemnities necessary for the eradication of an outbreak of scrapie in sheep in California, $15,000 has been transferred from "Salaries and expenses, Bureau of Animal Industry, Animal disease control and eradication". An emergency was declared by the Secretary of Agriculture in connection with this outbreak on October 31, 1952. Indemnities by the Department are matched by the State of California. Based on more recent information, it is estimated that an additional $5,000 will be required for this program, resulting in total costs to the Department of $20,000.

Summary of Activities

The following table summarizes the three programs outlined above:

	Actual 1952	Estimated, 1953	Estimated, 1954
1. Foot-and-Mouth Disease:			
(a) Cooperation with Government of Mexico in control, eradication, and prevention of foot-and-mouth disease	$4,282,237	$1,285,000	a/
(b) Mexican border inspection and quarantine	1,958,352	740,000	a/
(c) Protective measures to prevent entry of foot-and-mouth disease from Canada.	189,667	579,934	- -
(d) Other expenses related to foot-and-mouth program ...	627,319	87,000	- -
Subtotal	7,057,575	b/2,691,934	- -
2. Vesicular exanthema of swine c/.	- -	1,400,000	- -
3. Scrapie of sheep	- -	15,000	- -
Total	7,057,575	4,106,934	- -

a/ The 1954 Budget Estimate for "Animal disease control and eradication" under the Bureau of Animal Industry includes $330,000 to provide for the necessary phases of these activities in 1954.

b/ Includes $171,934 available from prior-year balances resulting in balance of $2,520,000 for which funds will be required in 1955 to reimburse Commodity Credit Corporation.

c/ Represents total of funds transferred for this program to date.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Eradication of Foot-and-Mouth [Disease] and Other Contagious Diseases of Animals and Poultry, Agricultural Research Administration--

For expenses necessary in the arrest and eradication of foot-and-mouth disease, rinderpest, contagious pleuropneumonia, or other contagious or infectious diseases of animals, or European fowl pest and similar diseases in poultry, including the payment of claims growing out of [past and future purchases and] destruction of animals (including poultry) affected by or exposed to, or of materials,] contaminated by or exposed to, any such disease, [wherever found and irrespective of ownership, under like or substantially similar circumstances,] when [such owner has complied] there has been compliance with all lawful quarantine regulations[;] , and for foot-and-mouth disease and rinderpest programs undertaken pursuant to the provisions of the Act of February 28, 1947, and the Act of May 29, 1884, as amended (7 U.S.C. 391; 21 U.S.C. 111-122), including expenses in accordance with section 2 of said Act of February 28, 1947, the Secretary may transfer from other appropriations or funds available to the bureaus, corporations, or agencies of the Department such sums as he may deem necessary, to be available only in an emergency which threatens the livestock or poultry industry of the country, and any unexpended balances of funds transferred under this head in the next preceding fiscal year shall be merged with such transferred amounts: Provided, That, except for payments made pursuant to said Act of February 28, 1947, the payment for [such] animals [hereafter purchased] may be made on appraisement based on the meat, egg-production, dairy, or breeding value, but in case of appraisement based on breeding value no appraisement of any [such] animal shall exceed three times its meat, egg-production, or dairy value, and, except in case of an extraordinary emergency to be determined by the Secretary, the payment by the United States [Government for any such animals] shall not exceed one-half of any such appraisements: Provided further, That poultry may be appraised in groups when the basis for appraisal is the same for each bird: [Provided further, That this appropriation shall be subject to applicable provisions contained in the item "Office of Administrator, Agricultural Research Administration";] Provided further, That the Secretary of the Treasury is hereby authorized and directed to discharge indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by canceling notes issued by the Corporation to the Secretary of the Treasury in the amount of [$11,240,532] $7,057,575 for funds transferred and expenses incurred under this head through fiscal year [1951] 1952 (including interest thereon through June 30, 1953) pursuant to authority granted in the Department of Agriculture Appropriation Act,[1951] 1952.

The change indicated as "1" is for the purpose of deleting language provided in the 1953 Agricultural Appropriation Act with reference to the applicability of the provisions contained under "Salaries and Expenses, Office of Administrator, Agricultural Research Administration" to this appropriation item, which was included in a separate title (Title III - Special Activities) in the 1953 Act. The 1954 Budget carries this item along with all the other appropriations of the Agricultural Research Administration, and the reference, therefore, is not necessary.

The second change in language is for the purpose of including the phrase "(including interest thereon through June 30, 1953)" to make it clear that the amount of notes proposed for cancellation for 1954 includes estimated interest for the period July 1, 1952, through June 30, 1953, on prior year transfers as well as interest accruing prior to July 1, 1952.

In addition, a number of minor perfecting language changes are proposed in the interest of clarification. These changes would in no way affect the nature and scope of the work conducted or authorized, it having been determined that the phrases deleted do not add any necessary authority not otherwise covered in the remaining language.

STATUS OF PROGRAM

(1) Cooperation with the Government of Mexico in the Control and Eradication of Foot-and-Mouth Disease.

History and development: The existence of foot-and-mouth disease in Mexico was confirmed December 26, 1946. Legislation authorizing the Secretary of Agriculture to cooperate with the Government of Mexico to eradicate, suppress, or control the outbreak was approved February 28, 1947 (21 U.S.C. 114b-c-d). The Mexican-United States Commission for the Eradication of Foot-and-Mouth Disease was established through an exchange of diplomatic notes between the two governments on March 17 and 18, 1947. The first appropriation ($9,000,000) for cooperative work with Mexico was approved March 27, 1947. Commission offices were established in Mexico City on April 10, 1947.

The original plan of eradication included the slaughter and burial of infected and exposed animals, the maintenance of quarantines, and disinfection operations--practically the same methods that had been used with success during outbreaks in the United States. Some modifications were necessary to meet Mexican conditions and customs. For instance, since oxen are the chief draft animals in Mexico and since large numbers of them were affected with the disease, it became necessary to establish a program of replacing slaughtered oxen with mules. This was to enable food production on Mexican farms to continue. The plan of eradication provided for the payment of indemnities, based on fair appraised value, for all cattle, swine, sheep, and goats destroyed. United States and Mexican veterinarians, technicians, appraisers, and paymasters generally worked in pairs under the direction of the Joint Commission. The Mexican National Army aided the campaign by providing protective services and quarantine enforcement.

Slaughtering operations were going forward at the rate of about 50,000 animals a week in November 1947 yet the spread of the disease to new areas showed that local quarantine restrictions were not being enforced. A strong sentiment was developing among the Mexican people and their officials for a change to a less drastic program. An appraisal at that time indicated that a continuation of the plan, without modification, to eradicate the disease from Mexico might mean the destruction of between 4,500,000 and 5,000,000 cattle and a similar number of swine, sheep, and goats. Mexican officials presented to the Commission their conclusion that the country could not stand the economic shock of this wholesale destruction.

After detailed study of the program, the Joint Commission agreed to a change, effective November 26, 1947. The principal features of the revised program as agreed upon at that time included:

(a) strengthening quarantine enforcement, particularly the lines at the northern and southern boundaries of the main infected area,

(b) conducting extensive inspections to determine where infection existed,

(c) prompt disposal, by slaughter, of infected and directly exposed animals in centers of active infection located in the work areas,

(d) cleaning and disinfection of premises, of trucks, cars, and other things that had been exposed to disease and might harbor the virus, and

(e) vaccination of healthy susceptible animals to build up their resistance to the disease.

The Department also undertook to furnish a market outlet for cattle in northern Mexico in the form of canned meat, as a precautionary measure to prevent spread of foot-and-mouth disease to northern Mexico and the United States. This program was initiated following recommendations by the Department Industry Advisory Committee on Foot-and-Mouth Disease and by members of the subcommittees on foot-and-mouth disease of both Houses of Congress who visited Mexico. All operations connected with the disposition of canned meat and meat products purchased in northern Mexico were concluded in the fiscal year ending June 30, 1952. 216.5 million pounds were purchased under this appropriation item. Proceeds from sales of meat, less handling charges, were applied against amounts transferred to this appropriation item from the Commodity Credit Corporation, together with recoveries from Mexican meat packing plants for inspection services.

Mass vaccinations were completed by July 31, 1950, with only a small number of clean-up vaccinations thereafter until cessation of the vaccination program in October 1950. Vaccinations totaled 60,130,189. The Joint Commission produced 53,324,000 doses of vaccine in Mexico (represents full doses for cattle - one half this dose was used for small animals). 1,644,619 doses were purchased from Argentina, Denmark, The Netherlands, and Switzerland.

Quarantine lines were maintained across Mexico at the northern and southern extremities of the previously infected area to prevent movement from it of susceptible animals and materials which might harbor the virus of foot-and-mouth disease.

Repeated inspections were made throughout the quarantined area of as many susceptible animals as possible. When suspected cases of foot-and-mouth disease were encountered thorough inspections were made, including laboratory tests when necessary. After the last outbreak in August 1951, all were found to be some condition other than foot-and-mouth disease, the condition most frequently proving to be vesicular stomatitis, a disease affecting cattle and horses with symptoms very closely resembling foot-and-mouth disease.

Present Outlook: On September 1, 1952, Mexico was declared free of foot-and-mouth disease. The Mexican-United States Commission for the Eradication of Foot-and-Mouth Disease was superseded by the Mexican-United States Commission for the Prevention of Foot-and-Mouth Disease. For the most part United States personnel have been returned to this country. A sufficient staff (35 as of November 30, 1952) has been retained in Mexico to maintain strict vigilance so that if the disease should reappear there can be maximum assurance that it will not gain a strong foothold. The new Commission is cooperative, with one-half of the cost to be contributed by each country. It has been financed by an initial payment of 300,000 pesos by each country with subsequent contributions as necessary to be on a 50-50 basis.

Mexican livestock owners have been asked to report all disease symptoms resembling foot-and-mouth disease to a central office in each State. American and Mexican workers investigate these reports and laboratory tests are made when necessary.

In the fiscal year 1954 the force will be reduced to about 3 veterinarians and the estimates for "Salaries and Expenses, Bureau of Animal Industry, Animal Disease Control and Eradication " include a recommendation for $40,000 to finance this activity under the project "Determining the existence of diseases in the field".

(2) Mexican border inspection and quarantine

Prior to September 1, 1952, when Mexico was declared free of foot-and-mouth, the border patrol force along the United States-Mexican border enforced the prohibition against the entry of animals susceptible to foot-and-mouth disease, and prohibitions and restrictions applicable to products and materials which might carry the virus. The border patrol work was carried on in close cooperation with the Bureau of Customs and other Federal agencies operating along the border. More than 80 key members of the Bureau force were designated as Customs agents, thus permitting closer working relationship and avoidance of duplication of patrol forces along the border.

On September 1, the border patrol force, as such, totalling 253 employees, was discontinued. Since that date, the Mexican border activities have been carried out by a force of less than 50. Strict inspections are made of ruminants, swine, equines, and poultry offered for importation from Mexico, investigations are conducted of smuggled animals and inspections made of stray animals to prevent the entry of livestock diseases into the United States. Supervision and control are exercised over certain animal products and materials, such as hay and straw, which are brought into this country from Mexico to make certain they comply with the governing import regulations.

In fiscal year 1954 it is planned to finance this import inspection and quarantine work from "Salaries and Expenses, Bureau of Animal Industry, Animal Disease Control and Eradication," under the project "Import - export inspection and quarantine" and a direct appropriation has been recommended for this work. Expenses of the border force would be reduced by July 1, 1953, to a level of $290,000 per annum.

(3) Protective measures to prevent entry of foot-and-mouth disease from Canada

On February 25, 1952, the Department was notified by officials of the Canadian Ministry of Agriculture that foot-and-mouth disease had made its appearance in the vicinity of Regina, Saskatchewan. The Bureau immediately instructed its inspectors at border and ocean ports to halt inspections of Canadian ruminants and swine and to take every precaution to prevent entry of such animals and fresh, chilled, or frozen meats derived therefrom as well as other animal products and materials which might harbor the virus. On February 26 the Secretary of Agriculture took official action to prohibit these importations in accordance with Section 306(a) of the Tariff Act of 1930.

The disease first appeared in Canada late in November 1951. However, there had been delay in diagnosis of the disease because it was throught to be vesicular stomatitis. In February 1952 an official of the Bureau assisted in the final diagnosis. The disease later appeared in areas around Ormiston and Weyburn, Saskatchewan. The eradication procedures applied by Canadian authorities involved slaughter and burial of infected animals; cleaning, disinfection, and quarantine of premises; and subsequent use of test animals to determine effectiveness of cleaning and disinfection procedures. An official of the Bureau was detailed to Canada as an observer at the invitation of the Canadian Government. The last outbreak of the disease occurred in April 1952.

Extensive trade vetween Canada and the United States has presented many serious problems, more so than along the Mexican border. Truck and rail transportation routes often cross and recross the international border. The disease ranged only from 50-60 miles from the United States border in Montana and North Dakota. Many urgent requests were made by States and livestock interests for special protective measures. Veterinarians and lay assistants of the Bureau were assigned to enforce import quarantines. A much smaller force was able to handle the work than along the Mexican border where patrol had to be maintained. Less than 100 Bureau employees have covered the entire border, with most of them being assigned to that part of the border between the

Pacific Ocean and the Great Lakes. Additional Bureau veterinarians were given special training in diagnosing vesicular diseases which are clinically similar to foot-and-mouth disease in order to provide a sufficient number for diagnosis of suspected cases of the disease. Such diagnosticians now total 47.

Canadian officials announced on August 19, 1952, that foot-and-mouth disease in that country was eradicated but it was believed that insufficient time had elapsed to make a determination, as required by law, that the virus no longer existed in Canada. However, it presently appears likely that the Department may be in position to proclaim Canada free from the disease March 1, 1953. Canadian border import activities would then include the usual strict inspection of ruminants, swine, equines, and poultry offered for importation from Canada. Certain animal products and materials which are brought into this country from Canada would also be subject to restrictions to make certain they comply with the governing import regulations. Included in this work is supervision over sea store meat and garbage derived from such meat aboard vessels in the Great Lakes.

(4) Eradication of Vesicular Exanthema.

On June 16, 1952, a vesicular condition in hogs appeared at an establishment in Grand Island, Nebraska, which was subsequently diagnosed as vesicular exanthema. This disease, which is clinically similar to foot-and-mouth disease, requires special diagnostic procedures to distinguish it from foot-and-mouth disease. As in the case of foot-and-mouth disease, mortality is usually low but losses in weight and secondary complications cause serious losses to affected herds. The outbreak at Grand Island was traced to premises near Cheyenne, Wyoming on which garbage was being fed to hogs. The disease had previously been confined to California since its appearance there in 1932. However, it is believed the garbage involved in the outbreak in Wyoming contained meat scraps originating in California. The disease has now been identified in 31 States.

As a result of the spread of the disease the entire State of California was placed under Federal quarantine, as well as infected areas in other States. These quarantines restricted interstate shipments of swine and swine products. In addition, States have imposed quarantines to restrict intrastate movements. As the infection has been eradicated areas have been released from quarantine. Every effort is being made to keep normal channels of trade open.

There are very little scientific data available on the disease, but practical experience in California indicates that the disease dies out on farms where swine are fed grain but persists on premises when raw garbage is fed. The only means of preventing spread of the disease appears to be slaughter and special processing of carcasses, which includes subjecting the meat to sufficient heat to destroy the virus. This special processing is necessary to prevent infected raw meat from perpetuating the disease through garbage feeding.

Eradication measures, which include payment of indemnities, are being undertaken in cooperation with the States. Nearly all hogs involved are being slaughtered in packing plants having an approved inspection service, but in a few instances it is necessary to destroy animals on the premises by burial or burning. The owner receives the proceeds from those animals which are sold for slaughter and the difference, or a portion thereof, is paid to him as indemnity by the Bureau and the cooperating State. For animals destroyed by burial or burning the owner receives the full appraised value, or a portion thereof, as indemnity from the Bureau and the State. The State is paying 50 percent of the indemnity and the other 50 percent is paid from Federal funds. In no case can the amount of Federal indemnity exceed that of the State, nor go beyond 50 percent of the appraised value. Several States, cooperating in the vesicular exanthema eradication program do not have funds available for paying indemnity but in each case responsible State officials have assured the Department that a bill will be introduced at the coming session of the State Legislature to appropriate funds to pay the State's share of indemnity. The contingent obligations in this catagory total approximately $570,000.

Personnel from activities under "Salaries and Expenses, Bureau of Animal Industry, Animal Disease Control and Eradication" are being detailed to assist mainly in inspection and quarantine activities in connection with the eradication program. Costs under the appropriation "Eradication of Foot-and-Mouth Disease and Other Contagious Diseases of Animals and Poultry" are being confined to indemnities, temporary labor necessary for cleaning and disinfecting, and expenses incident thereto.

(5) Eradication of Scrapie in Sheep

On September 12, 1952, California State livestock sanitary officials and the Bureau's inspector in charge in California reported a condition in sheep in Butte County near Chico, California, suggestive of scrapie, a disease which has occurred in Canada (in 1945, 1951 and again in 1952), Australia, Great Britain, and certain other parts of the world. Canada and Australia have used the slaughter method of eradication. Scrapie is a chronic disease of sheep and goats characterized by pruritis, progressive incoordination, weakness, paralysis and death. The

disease has existed in England for more than 200 years and has been very serious in some sections of Scotland. It spreads very slowly in an infected flock but finally becomes destructive. The incubation period is prolonged and is reported to be 11 months to 3 years or longer. Latest experimental studies indicate that a filtrable virus is the cause of the disease.

In attempting to trace the historical background of the infected sheep in California, no direct connection was established between the California flocks and premises in Canada which had previously been infected; however, two of the affected animals were offspring of a small flock, part of which was imported late in 1948 from Ontario, Canada, in which Province scrapie has appeared. Histopathological findings in the central nervous system of the affected sheep confirmed the clinical diagnosis of scrapie.

On October 31, 1952, the Secretary of Agriculture declared an emergency arising out of the existence and spread of scrapie and authorized the transfer and use of funds for all proper purposes in a program conducted in cooperation with States to arrest and eradicate the disease wherever found. On November 3, California State livestock sanitary officials agreed to participate in the scrapie eradication program. On November 4, all known sheep infected with scrapie were slaughtered and burned and appraisal and disposal of contact and exposed animals is under way. These eradication measures include the payment of indemnities in cooperation with the State of California.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL RESEARCH ADMINISTRATION
BUREAU OF ANIMAL INDUSTRY

CONTROL, ERADICATION AND PREVENTION OF FOOT-AND-MOUTH DISEASE IN MEXICO

Obligations and Funds Provided as of December 31, 1952

Obligations	F.Y. 1947 - 1951 (Accumulative)	F.Y. 1952	F.Y. 1953 (as of December 31, 1952)	Total
Control and Eradication activities:				
Payments made to the Mexican-United States Commission for the Eradication of Foot-and-Mouth Disease in Mexico and Successor Commission	$54,855,000	$1,155,000	$37,988	$56,047,988
Direct Federal expenses for program in Mexico	27,255,949	3,127,237	771,243	31,154,429
Enforcement of Mexican border quarantine	10,197,114	1,958,352	535,516	12,690,982
Inspection at public stockyards and in the field to detect immediately any possible introduction of foot-and-mouth disease into the United States	874,532	383,095	- -	1,257,627
Short-term research on foot-and-mouth disease	797,802	143,993	- -	941,795
Total	93,980,397	6,767,677	1,344,747	102,092,821
Meat purchase program in northern Mexico:				
Purchase of canned meat and meat products in northern Mexico	56,173,509	- -	- -	56,173,509
Administrative expenses incident to meat purchase	443,534	612	- -	444,146
Handling charges (canned meat)	3,295,590	15,958	- -	3,311,548
Total	59,912,633	16,570	- -	59,929,203
Interest on Funds borrowed from CCC	1,679,322	302,523	82,162	2,064,007
TOTAL OBLIGATIONS	155,572,352	7,086,770	1,426,909	164,086,031
Deduct: Application of gross receipts from sales of canned meat and from inspection fees a/ ..	-36,899,380	-16,638	- -	-36,916,018
NET TOTAL OBLIGATIONS (NET OF RECEIPTS FROM SALE OF MEAT)	118,672,972	7,070,132	1,426,909	127,170,013

Funds Provided				
By CCC:				
Gross transfers of funds	135,265,000	6,405,000	1,438,399	143,108,399
Interest costs on funds transferred; and handling charges, canned meat	4,974,912	318,481	82,162	5,375,555
Total	140,239,912	6,723,481	1,520,561	148,483,954
Transfers available in subsequent years	-514,890	+363,289	+151,601	xxx
Net total	139,725,022	7,086,770	1,672,162	148,483,954
Less:				
Application of gross receipts from sales of canned meat and from inspection fees a/	-36,899,380	-16,638	- -	-36,916,018
Repayment of funds transferred from appropriations therefor	-59,400,000	- -	- -	-59,400,000
Cancellation of Commodity Credit Corporation Notes authorized by 1952 and 1953 Department of Agriculture Appropriation Acts	-43,425,642	-514,890	- -	-43,940,532
Unreimbursed transfers	- -	6,555,242	1,672,162	8,227,404
BY APPROPRIATIONS AND CANCELLATIONS OF NOTES	118,730,642	514,890	- -	119,245,532
Net total funds provided	118,730,642	7,070,132	1,672,162	127,472,936
Unobligated Balances:				
Not available in subsequent year-transferred to Treasury	-57,670	- -	- -	-57,670
Available in subsequent year	- -	- -	- -	xxx
Prior year balance available	- -	- -	- -	xxx
Available as of date of report	- -	- -	-245,253	-245,253
Totals	-57,670	- -	-245,253	-302,923
NET TOTAL OBLIGATIONS (AS ABOVE)	118,672,972	7,070,132	1,426,909	127,170,013

a/ Gross receipts are reflected herein as applications in the fiscal year in which the sales contracts were executed. 1952 amounts represent sales and adjustments of sales applicable to prior years contracts.

MEXICAN-UNITED STATES COMMISSION FOR THE ERADICATION
OF FOOT-AND-MOUTH DISEASE

Final Statement 1/

As of December 31, 1952

Net Disbursements and Transfers of
Equipment to Prevention Commission

	Pesos	Pesos
Indemnities:		
Cattle	126,928,526	
Small animals	13,068,170 2/	139,996,696
Expenses of Commission		269,112,997
Equipment on hand and transferred to Prevention Commission		749,207
Total		409,858,900

Net Payments

Payments to Commission:	
By the United States	353,545,462 3/
By Mexico	56,313,438
Total	409,858,900

1/ Because of variations in the rate of exchange, this statement is made in pesos.

2/ Includes indemnities in amount of 7,515,813 pesos paid by Mexican Government prior to October 3, 1947, which are now considered a contribution by the Mexican Government.

3/ $56,007,234 converted at varying rates--$31,000,000 while rate was stabilized at 4.85 pesos to the dollar; $9,589,947 while rate fluctuated from 6.88 to 8.46; $15,420,053 while rate was stabilized at approximately 8.64; $60,408 at present stabilization rate of 8.60; and $63,174 refund at the rate of 8.60.

NOTE: Receipts in this statement are applied against applicable expenses, etc., such as vaccine testing (sales of test animals and meat) against cost of vaccine production, and salvage of animals in slaughter program against cost of mules, equipment, etc.

Mexican-United States Commission for the Prevention of Foot-and-Mouth Disease 1/

As of December 31, 1952

	Pesos	Pesos
Payments to the Commission:		
By the United States	350,488	
By Mexico	350,488	700,976
Less:		
Expenses of Commission		147,053
Unexpended balance		553,923

1/ Because of variations in the rate of exchange this statement is made in pesos.

INTERNATIONAL WHEAT AGREEMENT

(Request for authorization to Secretary of Treasury to cancel notes of Commodity Credit Corporation to cover costs incurred during fiscal year 1952 for operations under the International Wheat Agreement)

Purpose Statement

The purpose of the International Wheat Agreement, ratified by the U. S. Senate on June 13, 1949, is to bring about an element of stability in the world wheat trade. The agreement operates to assure supplies of wheat to importing countries and markets for wheat to exporting countries at equitable and stable prices and thereby to eliminate burdensome surpluses on the one hand and critical shortages on the other.

The annual volume of world wheat trade covered by the Wheat Agreement is 581 million bushels of wheat or wheat products expressed in terms of bushels of wheat. Of this quantity, the United States guarantees to supply 253 million bushels during the 1952-1953 crop year to participating nations at a price not in excess of $1.80 per bushel, Port Arthur basis. Section 2 of the International Wheat Agreement Act of 1949 (Public Law 421, 81st Congress) authorizes the President, "acting through the Commodity Credit Corporation, to make available or cause to be made available, ***** such quantities of wheat and wheat flour and at such prices as are necessary to exercise the rights, obtain the benefits, and fulfill the obligations of the United States under the International Wheat Agreement ******." Section 2 of the Act also authorizes the appropriation of such sums as may be necessary to pay Commodity Credit Corporation for costs incurred in carrying out its functions under the statute, and authorizes the Corporation, in advance of such appropriations, to utilize any funds available to it to facilitate the discharge of its responsibilities under the Act.

	Authorization, 1953 (1951 costs)	Budget Estimate, 1954 (1952 costs)
Authorization to the Secretary of the Treasury to cancel notes issued by the Commodity Credit Corporation	$182,162,250	$171,740,395

INTERNATIONAL WHEAT AGREEMENT

Appropriation Act, 1953 (Fiscal Year 1951 Program):	
Authorization to cancel notes	$182,162,250
Budget Estimate, 1954 (Fiscal Year 1952 Program):	
Authorization to cancel notes	171,740,395
Change in Authorization to cancel notes	-10,421,855

PROJECT STATEMENT

By Project or Function	Authorization, 1953	Increase or Decrease	Estimate, 1954
	F.Y. 1951 Program)		(F.Y. 1952 Program)
Program costs....	$178,371,832	-$11,200,351	$167,171,481
Interest costs...	3,790,418	+778,496	4,568,914
Total	182,162,250	-10,421,855	171,740,395

INCREASES AND DECREASES

The net decrease of $10,421,855 results from:

(1) A reduced volume of exports, from 266 million bushels in fiscal year 1951 to approximately 255 million bushels in fiscal year 1952, and a reduction of 1.5¢ in the average cost per bushel to the Commodity Credit Corporation.

(2) Increased interest costs in fiscal year 1952 over fiscal year 1951 are due principally to the increase in interest rate from 1.5% to 2.0% as of July 1, 1952. (This is the rate applicable to funds borrowed by the Corporation from the Treasury.) The latter rate will apply during the fiscal year 1953 to the amount due the Corporation as of June 30, 1952.

EXPLANATION OF 1954 ESTIMATE

During the fiscal year 1952 approximately 255 million bushels of wheat and wheat flour (bushel equivalent) were exported from the United States pursuant to the terms of the International Wheat Agreement. The net cost to Commodity Credit Corporation of such exports was $171,740,395, or an average of 67¢ per bushel, which cost represents the difference between the domestic market price and the maximum International Wheat Agreement price, and administrative and interest expense.

Exports from commercial stocks for which differential payments were made amounted to 199.2 million bushels while exports from CCC-owned stocks were 55.5 million bushels (55.4 million bushels acquired under the Commodity Credit Corporation price support program and 0.1 million bushels purchased by Commodity Credit Corporation for resale).

A total of 42 countries imported wheat or wheat flour from the United States under the terms of the Agreement. Western Germany received 16% of the total, India received 11%, Italy 7%, the Netherlands, United Kingdom and Greece each received 6% and Japan 5%, all other countries received lesser percentages totalling 43%.

The attached table reflects, by importing country, the quantity of wheat and wheat flour (bushel equivalent) exported from the United States during fiscal year 1952 and the amount due Commodity Credit Corporation on such exports.

Recapitulation of Expenses Incurred by Commodity Credit Corporation For Operations Under International Wheat Agreement Through June 30, 1952 and Method of Reimbursement

Fiscal Year	No. of Bushels (Thous.)	Expense Per bu.	Expense Total	Method of Reimbursement
1950	135,187	$0.57	$76,808,000	Appropriation - 1952 Agricultural Appropriation Act
1951	265,779	0.69	182,162,250	Cancellation of Notes - 1953 Agricultural Appropriation Act
1952	254,788	0.67	171,740,395 a/	Cancellation of Notes - Proposed in 1954 Budget

a/ Including interest through June 30, 1953

1953 PROGRAM

During the fiscal year 1953, sales will continue to be based upon the maximum International Wheat Agreement price. It is estimated that 253 million bushels of wheat and wheat flour (wheat equivalent) will be exported at a cost of $174,864,000. The domestic price of wheat, converted to an f.o.b. ocean vessel basis, weighted according to the quantities expected to be exported from the various United States ports is estimated to be $2.67-1/2. The weighted average price at which it is estimated wheat will be sold under the Agreement is $2.00-1/2 per bushel. This price is based on the maximum price of $1.80 per bushel for No. 1 Manitoba Northern wheat in store Fort William, Port Arthur, Canada. Thus the estimated cost of the wheat under the Agreement is $169,595,000 representing the difference between the estimated domestic price and the maximum International Wheat Agreement price. Interest ($4,994,000) and administrative expense ($275,000) together will average 2¢ per bushel making a total average cost to the Corporation during the current year of approximately 69¢ per bushel.

NOTE: This estimate is a revision of, and is below, the estimate reflected in the Commodity Credit Corporation's financial statements in the Budget.

1954 PROGRAM

The International Wheat Agreement of 1949 expires on July 31, 1953. Therefore, operations and costs in the fiscal year 1954 are dependent upon the terms of any agreement which may be entered into to cover this program after that date.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

Wheat and Wheat Flour (bushel equivalent) Exported From the United States
Pursuant to the Terms of the International Wheat Agreement

Fiscal Year 1952

Importing Country	Source of Exports				Amount due CCC	Average Cost to CCC per bushel
	CCC Price Support Program	CCC Supply Program	Commercial	Total		
	(BUSHELS)					
Austria	1,524,320	.....	9,473,940	10,998,260	$ 7,646,853	$ .69
Belgium	183,717	.....	8,333,627	8,517,344	5,672,628	.67
Bolivia	.....	.....	782,100	782,100	418,304	.53
Brazil	.....	.....	10,651,278	10,651,278	6,059,465	.57
Ceylon	.....	.....	1,413,612	1,413,612	896,524	.63
Costa Rica	.....	.....	461,304	461,304	285,181	.62
Cuba	.....	.....	4,053,550	4,053,550	2,659,112	.66
Denmark	.....	.....	1,102,100	1,102,100	838,737	.76
Dominican Republic	.....	.....	420,005	420,005	266,556	.64
Ecuador	73,485	.....	807,458	880,943	561,998	.64
Egypt	.....	.....	8,052,764	8,052,764	4,805,265	.60
El Salvador	.....	.....	389,126	389,126	213,618	.55
Germany	3,440,608	.....	36,407,639	39,848,247	26,787,256	.67
Greece	14,186,560	.....	.....	14,186,560	9,782,115	.69
Guatamala	.....	.....	622,822	622,822	398,884	.64
Haiti	.....	.....	801,327	801,327	511,126	.64
Honduras	.....	.....	248,298	248,298	142,781	.58
Iceland	.....	.....	258,527	258,527	183,905	.71
India	18,532,967	.....	9,970,468	28,503,435	19,028,842	.67
Indonesia	.....	.....	1,976,354	1,976,354	1,327,466	.67
Ireland	.....	.....	1,150,569	1,150,569	774,444	.67
Israel	.....	.....	4,617,587	4,617,587	3,028,918	.66
Italy	3,444,645	.....	14,682,793	18,127,437	12,168,883	.67
Japan	.....	.....	13,637,307	13,637,307	8,591,733	.63
Lebanon	.....	.....	2,469,096	2,469,096	1,518,788	.62
Liberia	.....	.....	13,384	13,384	8,219	.61
Mexico	.....	.....	11,065,612	11,065,612	6,929,719	.63
Netherlands	261,333	.....	16,017,098	16,278,431	10,822,966	.66
Nicaragua	.....	.....	128,118	128,118	73,045	.57
Norway	.....	.....	5,022,100	5,022,100	3,237,793	.64
Panama	.....	.....	370,998	370,998	229,378	.62
Peru	.....	.....	3,331,836	3,331,836	1,808,042	.54
Philippines	.....	.....	3,216,195	3,216,195	2,095,488	.65
Portugal	649,600	.....	3,946,721	4,596,321	3,152,230	.66
Saudi Arabia	.....	.....	1,422,524	1,422,524	1,044,245	.73
Spain	.....	.....	1,102,362	1,102,362	749,606	.68
Sweden	.....	.....	1,095,066	1,095,066	673,139	.62
Switzerland	.....	.....	2,113,558	2,113,558	1,174,995	.56
Trizone	8,806,212	146,085	.....	8,952,297	5,634,243	.63
Union of South Africa	3,291,726	.....	.....	3,291,726	2,158,292	.68
United Kingdom	1,005,200	.....	15,270,745	16,275,945	11,073,959	.68
Venezuela	.....	.....	2,341,201	2,341,201	1,493,785	.64
Total	55,400,373	146,085	199,241,168	254,787,626	1/167,171,481	.65 1/2
Interest Cost	.....	.....	.....	.....	4,568,914	.....
Grand Total	55,400,373	146,085	199,241,168	254,787,626	1/171,740,395	.67

1/ Includes $242,955 for Administrative Expenses.

PMA OB
8/26/52

CHANGE IN LANGUAGE

The estimates include a proposed change in language of this item as follows (new language underscored; deleted matter enclosed in brackets):

> The Secretary of the Treasury is hereby authorized and directed to discharge indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by cancelling notes issued by the Corporation to the Secretary of the Treasury in the amount of [$182,162,250] $171,740,395 for the net costs during the fiscal year [1951] 1952 (including interest thereon through June 30, 1953) under the International Wheat Agreement Act of 1949 (7 U.S.C. 1641-1642).

The change in language to include the phrase "(including interest thereon through June 30, 1953)" does not involve a change in substance or method, but is only for the purpose of making it clear that the cancellation of notes is to discharge the indebtedness of the Commodity Credit Corporation by including all interest charges on funds advanced by the Corporation to cover fiscal year 1952 net costs under the International Wheat Agreement.

Salaries and Expenses, Defense Production Activities

Appropriation, 1953 (Supplemental Appropriation Act, 1953)	$2,000,000
Transferred from "Agricultural supply program, Production and Marketing Administration"	500,000
Total available, 1953	2,500,000
Budget Estimate, 1954	a/ - -

a/ A budget estimate for 1954 will be submitted at a later date if legislation to extend the Defense Production Act is enacted.

PROJECT STATEMENT

Project	1953	1953 (estimated)	1954 (estimated)
1. Production and Marketing Administration:			
(a) Requirements and allocations	$1,143,375	$925,800	- -
(b) Materials and facilities	1,832,220	1,204,200	- -
Subtotal	2,975,595	2,130,000	- -
2. Forest Service:			
(a) Special studies of timber resources and forest products industries, and other technical assistance, under the Defense Production Act	78,406	37,500	- -
3. Office of Foreign Agricultural Relations:			
(a) Commodity analysis	68,214	39,000	- -
(b) Agricultural supplies	26,899	27,000	- -
(c) Regional analysis	10,821	9,000	- -
Subtotal	105,934	75,000	- -
4. Bureau of Agricultural Economics:			
(a) Preparation of data on farm wages, farm labor supply and requirements	33,545	75,000	- -
(b) Development of production capacities and requirements	21,086	15,000	- -
(c) Special estimates in crop, livestock, and price fields	41,212	35,000	- -
Subtotal	95,843	125,000	- -
5. Office of Solicitor (legal services)	40,926	35,000	- -

Project	1952	1953 (estimated)	1954 (estimated)
6. Office of Information:			
(a) Informational staff	34,395	30,500	- -
(b) Reprints of publications	12,000	8,500	- -
(c) Motion-picture and television films	11,187	8,500	- -
Subtotal	57,582	47,500	- -
7. Office of the Secretary (departmental supervision and security investigatory work)	59,301	50,000	- -
Unobligated balance	18,413	- -	- -
Total available	3,432,000	2,500,000	- -
Received by transfer from "Agricultural supply program, Production and Marketing Administration"	-1,932,000	-500,000	- -
Total appropriation or estimate	1,500,000	2,000,000	- -

The Defense Production Act of 1950, as amended in 1951 and 1952, expires on June 30, 1953. In the exercise of his authority under the Defense Production Act of 1950, as amended, the Secretary has delegated specific defense production activities as follows:

1. Production and Marketing Administration.--Requirements and supply are determined, and assistance is given in obtaining materials for the necessary production of food. Distribution is made to effect the most efficient utilization of the total food supply. Analyses are made of operating policy and economic conditions in order to make recommendations for the fulfillment of food requirements, and several defense food orders are being administered. This Administration acts as claimant before the Defense Production Administration, the Defense Materials Procurement Agency, the National Production Authority, and other agencies for materials, machinery, fertilizers, and insecticides required in farm production, farm construction, and for food-processing facilities. It reviews and makes recommendations to the Defense Production Administration and other agencies on applications for accelerated tax amortization for food and agricultural facilities and applications of prospective borrowers for use in expanding agricultural and food productive capacity and supply. The agency performs certain functions and powers with respect to storage and warehousing facilities for the Defense Transport Administrator. Recommendations and supporting data relating to manpower are developed for use in presentations to the Department of Labor, Selective Service System, and other agencies. The agency also makes legal minimum price determinations and revisions for the Secretary of Agriculture and is consulted by the Office of Price Stabilization on proposed price ceiling regulations and distribution problems resulting from certain Office of Price Stabilization regulations.

2. Forest Service.--Technical work in the forest industry field is performed for the National Production Authority and other defense agencies including (a) making field investigations and reports on the adequacy of timber resources to support planned expansions as represented by production loan and tax amortization applications; (b) furnishing technical information relating to timber and timber products; and (c) conducting special studies and field surveys to develop information basic to well considered action programs in the field of forest products.

3. Office of Foreign Agricultural Relations.--Information is furnished on foreign production and international trade, including (a) supply estimates on critical food and agricultural commodities available from overseas; (b) effects of export controls on supply abroad; (c) requirements of agricultural machinery, fertilizers, and insecticides needed in foreign countries; and (d) conditions in particular areas such as Asia and Africa to determine the available food supplies and the trade problems of deficit areas and their effects in relation to defense mobilization plans.

4. Bureau of Agricultural Economics.--The Bureau (a) prepares data on farm wages and farm labor supply and requirements; (b) develops estimates of production capacities and requirements; and (c) develops basic data on prices and on current and prospective production and supplies of agricultural products.

5. Legal, informational, and other departmental services.--The Offices of the Solicitor and Information furnish legal and informational services in connection with defense production activities, and the Office of the Secretary provides over-all planning, coordination, and integration of the administrative and operational resources of the Department to meet defense objectives.

WORKING FUNDS, AGRICULTURE, GENERAL

This Budget schedule (page 1054) reflects working funds advanced from various Departments or agencies of the Federal Government to the Department of Agriculture under Section 601 of the Economy Act, as amended, in payment for services rendered or supplies furnished.

Funds thus advanced are made available to bureaus within the Department of Agriculture by allotment and are obligated in amounts shown in this schedule under the heading "Obligations by Objects." Descriptions of the work performed for other departments and agencies in accordance with these working fund advances are included in the "Statement of Obligations Under Allotments and Other Funds" provided in each agency's section of the Explanatory Notes.

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

The total appropriations or estimates of the Department under this trust account (page 1003) are as follows:

1952	$930,842
1953 (estimated)	964,095
1954 (estimated)	740,340

This item covers funds received or estimated to be received by the Department of Agriculture from private individuals or organizations and from State or local government organizations for carrying out certain cooperative agreements between such individuals or organizations and the Department in connection with its activities, as authorized by law, primarily the Act of May 15, 1862 (5 U.S.C. 511) establishing the Department of Agriculture (as further implemented by the Act of July 24, 1919 (5 U.S.C. 67,563)). These funds are deposited in the Treasury of the United States and made available to the Department for expenditure under applicable cooperative agreements. The amounts for 1953 and 1954 are approximate and preliminary only, since it is difficult to estimate accurately what the total receipts from these sources will be in any given year.

A distribution of this fund by bureaus is reflected in the Budget schedule under the heading "Obligations by Objects."

Following are examples of the types of agreements entered into by the Department and financed by contributed funds:

San Antonio River Canal and Conservancy District	For cooperative survey of the San Antonio River watershed
National Aluminate Corporation	For cooperative research and tests of chemical materials used to control weeds
Central and Southern Florida Flood Control District	For cooperative work on soil surveys and water control in the Everglades area.

GENERAL PROVISIONS

Section 401: Relates to the purchase of passenger motor vehicles for the Department. The total acquisition of such vehicles by the Department of Agriculture is limited, in addition to those specifically authorized in the language of the individual appropriation items, to not to exceed 735 passenger motor vehicles for replacement purposes only, for use outside the District of Columbia.

The estimates propose an increase in the replacement of vehicles for use outside the District of Columbia from 400 to 735. The vehicles proposed for replacement will all be at least six years old or will have mileage in excess of 60,000 miles at time of disposal. However, where vehicles are involved in accidents or where automobiles are operated over very rough terrain, it may become necessary to replace a limited number of vehicles in fiscal year 1954 which will be less than six years old or will have mileage less than 60,000 miles at time of replacement. A more detailed justification for the need for replacement appears in the explanatory notes under the applicable agencies.

Section 402: Provides for certain exceptions in the Department of Agriculture to the prohibition contained in the Independent Offices Appropriation Act against the employment of aliens.

Section 403: Authorizes the expenditure of not to exceed $1 for each option to purchase any tract or tracts of land under appropriations carried in the Act which are available for the purchase of lands.

Section 404: Prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects and pests.

Section 405: Prohibits, with certain exceptions, the purchase of twine manufactured from commodities or materials produced outside the United States.

Section 406: Provides that not less than $575,000 shall be available for contracting in accordance with section 10(a) of the Research and Marketing Act of 1946 (7 U.S.C. 427i) from the appropriations made for the Bureau of Agricultural Economics; Bureau of Animal Industry; Bureau of Dairy Industry; Bureau of Plant Industry, Soils, and Agricultural Engineering; Bureau of Entomology and Plant Quarantine; Bureau of Agricultural and Industrial Chemistry; Bureau of Human Nutrition and Home Economics; and the Forest Service.

Section 407: This section continues the restriction against the employment of persons who are members of an organization of Government employees who assert the right to strike against the Government of the United States, or who advocate, or who are members of an organization that advocates the overthrow of the Government.

Section 408: Prohibits the use of any funds provided in the Act for publicity or propaganda purposes to support or defeat legislation pending before the Congress.

[Sec. 409. Except for the car officially assigned to the Secretary of Agriculture, no part of any appropriation contained in this Act shall be used to pay the compensation of any civilian employee of the Government whose principal duties consist of acting as chauffeur of any Government-owned passenger motor vehicle (other than a bus or ambulance), unless such appropriation is specifically authorized to be used for pay the compensation of employees performing such duties.]

The estimates propose deletion of this section from the General Provisions of the Department of Agriculture Appropriation Act since the 1954 Budget (page 200) includes similar restrictive language under the General Provisions for Independent Offices to be applicable to all Departments, Agencies, and Corporations.

[Sec. 410. No part of any appropriation or authorization contained in this Act shall be used to pay the compensation of any incumbent appointed to any civil office or position which may become vacant during the fiscal year beginning on July 1, 1952: Provided, That this inhibition shall not apply to--]

[(a) not to exceed 25 per centum of all vacancies;]
[(b) positions filled from within the department;]
[(c) offices or positions required by law to be filled by appointment of the President by and with the advice and consent of the Senate;]
[(d) seasonal and casual workers;]
[(e) employees in grades CPC 1, 2, and 3;]
[(f) employees working in field activities;]
[(g) employees paid from funds for research;]
[(h) employees of the crop and livestock reporting service;]
[(i) employees paid from funds of the Federal Intermediate Credit Banks, Production Credit Corporations, and the Farm Credit Administration except the portion thereof provided by direct appropriation from the General Fund of the Treasury;]
[(j) employees paid from funds for marketing services;]
[(k) employees of the Rural Electrification Administration;]
[(l) employees of the Soil Conservation Service;]
[(m) employees of meat inspection and other regulatory services;]
[(n) employees of the Forest Service]

[: Provided further, That when the total number of personnel subject to this section has been reduced to 90 per centum of the total provided for in the budget estimates for 1953, such limitation may cease to apply and said 90 per centum shall become a ceiling for employment during the fiscal year 1953, and if exceeded at any time during fiscal year 1953 this provision shall again become operative.]

The estimates propose deletion of this non-recurring section which placed certain limitations on the employment of personnel, since the reductions and adjustments in personnel contemplated by this section have been accomplished in the fiscal year 1953.

[Sec. 411. (a) No part of the money appropriated by this Act to any department, agency, or corporation which is in excess of 90 per centum of the amount required to pay the compensation of all persons the budget

estimates for personal services heretofore submitted to the Congress for the fiscal year 1953 contemplated would be employed by such department, agency, or corporation during such fiscal year in the performance of--]

[(1) functions performed by a person designated as an information specialist, information and editorial specialist, publications and information coordinator, press relations officer or counsel, photographer, radio expert, television expert, motion picture expert, or publicity expert, or designated by any similar title, or]

[(2) functions performed by persons who assist persons performing the functions described in (1) in drafting, preparing, editing, typing, duplicating, or disseminating public information, publications or releases, radio or television scripts, magazine articles, photographs, motion pictures, and similar material,]

[shall be available to pay the compensation of persons performing the functions described in (1) or (2), and the total amount of each appropriation, any part of which is available for such purpose, is hereby reduced by an amount equal to 10 per centum of the amount requested in such budget estimates for such purpose.]

[(b) This section shall not apply to personnel engaged in the preparation and distribution of technical agricultural publications and farmers bulletins, and the Agriculture Yearbook, the reporting and dissemination of the results of research and investigations, the preparation and distribution of information on the protection of natural resources against fire, insects, and disease, the preparation and broadcasting of the "Farm and Home Hour" and similar individual or network radio and television programs, and other work required to carry out the duties and responsibilities of the Department imposed by law other than work intended primarily for press, radio and television services, and popular publications.]

The estimates propose deletion of this section which restricts certain informational activities of the Department. The work done by information employees in all bureaus of the Department is a basic part of program administration. Virtually all bureaus of the Department utilize their information personnel in answering inquiries, correspondence, and for preparing policy memoranda, administrative bulletins, and similar materials for use entirely within the Government. In addition, the informational material that reaches the public is ordinarily required by law or by the obligation to report on the use of public funds. There are about 185 provisions of law requiring the Department to disseminate or publish agricultural information. For example, the 1946 Agricultural Marketing Act requires the Department "to collect and disseminate marketing information."

Statements and reports issued to the press by the Department relate largely to legally required notices in connection with regulatory work, marketing agreements, purchase and loan programs, etc., or to the issuance of regular reports such as farm price reports, commodity situation reports and similar reports used by farmers and industry. Another very important category includes announcements of research discoveries and recommendations. The indiscriminate restrictions imposed by the provision of this section result in inadequate facilities for making the results of research and other necessary information available to the public. This section is very difficult to administer, because information workers in this Department assist in preparing such materials as farmers' and other

bulletins, the Agriculture Yearbook, budget justifications, administrative circulars (which work is not subject to the provisions of the Section), as well as in preparing press and popular publication materials. This necessitates maintenance of extra control records, thereby reducing over-all efficiency in carrying out Department programs. Therefore, deletion of the section is proposed in the 1954 Budget.

[Sec. 412. Of the total amount made available in this Act for personal services above basic rates of the civilian personnel, for transportation of things (other than mail), and for travel of civilian employees, the Secretary is authorized and directed on or before September 1, 1952, to cover into the surplus funds of the Treasury, or return to the capital funds affected, sums equal to 10 per centum of the amounts included in the Budget estimates for such purposes, less an amount representing the reduction, if any, between the amount requested for such purpose in the Budget estimates and the amount appropriated herein for such purpose: Provided, That this section shall not apply to--]

[1. employees working in field activities;]
[2. employees paid from funds for research;]
[3. employees of the crop and livestock reporting service;]
[4. the administrative expense limitations for Federal intermediate credit banks and for production credit corporations, or to the appropriation for the Farm Credit Administration except the portion thereof provided by direct appropriation from the General Fund of the Treasury;]
[5. employees paid from funds for marketing services;]
[6. employees of the Rural Electrification Administration;]
[7. employees of the Soil Conservation Service;]
[8. employees of meat inspection and other regulatory services;]
[9. employees of the Forest Service.]

The estimates propose deletion of this non-recurring section included in the Department of Agriculture Appropriation Act, 1953, requiring the return to the surplus fund of the Treasury of 10 per centum of the funds included in the 1953 Budget estimates for personal services above basic rates, transportation of things, and travel. The reductions contemplated by this section have been accomplished and the funds returned to the surplus fund of the Treasury in the fiscal year 1953.